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Item 9 (c) of the provisional agenda

THE REGIONAL DIMENSION

Special Programme for the Industrial Development of Asia and the Pacific

Report by the Director-General

Summary

Provides information on aspects of the Special Programme highlighted by the General Conference, including intercountry cooperation, the focus on the least developed countries in the region and funds mobilization.

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Introduction

1. In response to General Conference resolution GC.5/Res.14 and other mandates of the policy-making organs, efforts to strengthen and develop the Special Programme for the Industrial Development of Asia and the Pacific continued apace. One feature is a sharper focus on the special needs of the least developed countries (LDCs) consistent with the approach endorsed by the policy-making organs.

2. The present document should be considered in conjunction with the *Annual Report of UNIDO 1994* (IDB.14/10, chap. III.D), which provides a general overview of current trends in manufacturing as well as information on UNIDO activities in the region.

I. ENHANCEMENT OF INTERCOUNTRY COOPERATION

(GC.5/Res.14, para. 2 (a))

3. UNIDO has been associated with the implementation of the United Nations Development Programme (UNDP) intercountry programme and participated in the recently concluded regional development cooperation in Asia and the Pacific meeting held at Kuala Lumpur, Malaysia, at which a mid-term review of the fifth intercountry programme (ICP5) was undertaken and connected development issues of the region were discussed. UNIDO's association with ICP5 has been as the implementing agency of the pesticide production and information and the biotechnology and biodiversity subprogramme of the regional programme on farmer-centred agricultural resource management (FARM).

4. In the implementation of the FARM biotechnology and biodiversity subprogramme, UNIDO's efforts are concentrated on the establishment of an Asian bioinformatics network and on assessments of potential new biotechnologies to contribute to the characterization and conservation of biodiversity in farming communities.

5. Regional projects approved in 1993-1994 included the following: a programme for the containment of environmental degradation emanating from tannery effluents, energy-saving technologies in ceramic and cement industries, a seminar for new technologies for environmental protection in the sugar-cane industry, environmental protection in chemical industries consistent with the recommendations of Agenda 21.

II. FOCUS ON SPECIAL NEEDS OF LDCS

(GC.5/Res.14, para. 2 (a))

6. The Annual Report of UNIDO, 1994 describes the subsector focus of the Special Programme on agro-related metal-working industries of LDCs in the region (IDB.14/10, chap. III.D, para. 41). Arrangements for financing of the first and second phases of the joint project with the Regional Network for Agricultural Machinery (RNAM) of the Economic and Social Commission for Asia and the Pacific (ESCAP) are also covered in that report. Gender issues are emphasized in the second project phase. Additional resources from special-purpose contributions to the Industrial Development Fund (IDF) are being sought to further elaborate the programme.

7. In view of the diversity and complexity of the constraints and limitations of resources for regional activities, a comprehensive regional thematic programme, although desirable, is not likely to be cost-effective for the time being. The constraints identified will, however, be addressed in a selected manner through regional and country-specific interventions providing direct support to existing and planned programmes and projects in the countries concerned. The objective is to promote rural development in the LDCs of the region through indigenous processing of agricultural and particularly food products, thus providing an economically viable dimension to national efforts to develop cottage, small- and medium-scale industries.

8. The group of LDCs in the Asia and Pacific region includes a wide variety of countries, ranging from Bangladesh with a population of 110 million to Western Samoa with less than 200,000. The industrial base in the countries studied varies from fairly diversified and sophisticated R and D and manufacturing activities in Bangladesh and Myanmar to simple cottage-level production in the Lao People's Democratic Republic and the Pacific Island countries. The urgent need for more diversified economic activity in food processing is, however, perceived in each country and a number of constraints have been revealed that can be seen as common to most of them. These include:

(a) Inadequate policies with weak links between agricultural and industrial policies;

(b) Limited supply and inconsistent quality of raw materials;

(c) Low level of human resources at managerial, entrepreneurial and skill levels;

(d) Insufficient knowledge of packaging technology;

(e) Poor food security systems and quality control facilities;

(f) Lack of support and applied R and D services and extension facilities, coupled with weak links of existing services with enterprises; and

(g) Particular limitations related to the access of women to raw materials, credit, technology, education and training.

9. UNIDO is endeavouring to adopt a strategy to reach the target groups through a synergy of activities supplementing ongoing and planned development programmes and projects with specific interventions. A detailed description of country-level plans, including the intermediaries identified in each, is available from the Secretariat.

10. The proposed UNIDO responses and institutional arrangements will mostly consist of services to be mobilized at the country level in support of specific national programmes. However, the following four regional support projects have already been formulated or are being implemented with UNIDO resources and further regional activities will be pursued in close cooperation with ESCAP and other relevant organizations.

(a) Application of mushroom biotechnology and bioconversion technologies for sustainable small industries development: The project has a particular emphasis on the LDCs of the region to promote and develop food-processing industries and create a global, international bio-informatics network of resource centres in support of mushroom and related biotechnology industries, self-sustaining quality control, and training centres in bioconversion technologies.

(b) Training programme on quality management in the food industry in LDCs: Following analysis and programme formulation on food-processing industries in Asia and Pacific LDCs under the Special Programme, the issue of limited capabilities in testing and quality control of food and processed foods has emerged as one of the key problems facing this industry. Group training to be held at the Asian Institute of Technology from 14 August to 2 September 1995 will address this issue.

(c) Ad hoc expert group meeting on food safety and control systems (Bangkok, Thailand, September 1995): Following the group training programme (para. 10 (b) above), an expert group meeting will be convened in cooperation with ESCAP. This will enable the LDCs of the region to evaluate their experience and update their knowledge on the application of food safety and control systems.

(d) Workshop on promoting awareness and opportunities for appropriate biotechnologies in small-scale agricultural and industrial development (Manila, Philippines, November 1995): A programme has been launched to increase awareness and opportunities for the integration of new biotechnologies with indigenous knowledge through a partnership initiative with the non-governmental organization (NGO) network dealing with appropriate technology promotion in the region. Members of the NGO network will be introduced to various UNIDO biotechnology resources, especially UNIDO-promoted biotechnology networks in the region, and briefed on the benefits and risks of biotechnology. Access to resources and databases will be demonstrated and promoted. Possible joint technical cooperation projects will be identified as a follow-up.

III. FUNDS MOBILIZATION
(GC.5/Res.14, para. 2 (b))

11. A substantial portion of programmes approved during 1993-1994 under UNIDO-managed resources was for regional and subregional projects (see paras. 5 and 10 above). Regular Programme of Technical Assistance funds of about $0.70 million and $1.64 million from IDF were devoted to regional programmes during the period. This did not include trust fund projects amounting to $0.57 million approved during the same period.

12. Paragraphs 3 and 4 above provide details on the involvement of UNIDO in the intercountry and other UNDP programmes. However, most of the projects proposed for financing under the UNDP intercountry programme for 1992-1996 did not materialize due to resource constraints.

IV. INTEGRATION WITH OTHER UNIDO PROGRAMMES INCLUDING INVESTMENT PROMOTION
(GC.5/Res.14, para. (d))

13. Special attention was given to gender issues in the form of regional-level identification of patterns, trends and issues affecting women's participation in economic and industrial fields. The output of this project will be utilized for the Fourth World Conference for Women in September 1995 at Beijing, China. In addition, in an

October 1994 expert group meeting, private enterprises, women's organizations and Governments of the region were provided with information on current and potential sustainable economic development in selected industrial subsectors of the region. As mentioned in paragraph 6 above, emphasis will be placed on gender issues in the project on agro-related metalworking industries.

14. For the promotion of direct investment and technology transfer, particularly in the field of machine tools, a pilot programme with a strong element of economic cooperation among development countries (ECDC) was launched. Also approved in 1993-1994 were the seminars on technology management and industrial development, workshops for the telecommunication software and equipment industry, group training in supplies and stock management of railway spare parts, a workshop on modern technologies for water and wastewater treatment, and upgrading the knowledge of the government officials and industrial plant technicians on the rational use of energy-saving technologies in food-processing and plastics industries.

15. Keeping in view the outward-looking, export-led industrialization policies of most of the countries of the region on the one hand, and on the other the globalization of the world economy and the consequent importance of quality improvement in an extremely competitive environment, a special need arises to institute improved quality control and standardization, in particular to apply ISO 9000 and ISO 14000. Consequently, programmes were developed by UNIDO to create the necessary awareness at the level of policy makers and Governments.

16. In order to respond to and support investment promotion efforts by a number of Governments in the region, assistance has been provided in formulation and implementation of programmes consisting of project identification, appraisal and promotion and of preparation of investors' guides. National capabilities in investment promotion have been strengthened by the training of counterpart staff at Investment Promotion Service offices or in specific group training programmes. Support has also been extended to setting up or strengthening national investment promotion offices.

V. REGIONAL MEETING ON UNIDO ACTIVITIES

(GC.5/Res.14, para. 2 (f))

17. In pursuance of General Conference resolution GC.5/Res.14, and in order to formulate a perspective for competitive industrial development in the region within the context of evolving global developments, negotiations are under way with a number of Governments for the holding of a regional meeting prior to the sixth session of the General Conference. Information on the latest developments in that respect will be communicated to the Board during its fourteenth session.

VI. ACTION REQUIRED OF THE BOARD

18. The Board may wish to take note of the information provided in the present report.

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United Nations Industrial Development Organization

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Item 10 (c) of the provisional agenda

REGIONAL PRIORITIES AND PROGRAMMES: ASIA AND THE PACIFIC

Special Programme for the Industrial Development of Asia and the Pacific

Report by the Director-General

Summary

Provides information on aspects of the Special Programme highlighted by the General Conference, including intercountry cooperation, the focus on the least developed countries in the region and funds mobilization.

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Introduction

1. At its fifth session, in resolution GC.5/Res.14, the General Conference addressed a number of requests to the Director-General related to the implementation of the Special Programme for the Industrial Development of Asia and the Pacific. It also requested the Director-General to report on the subject, through the Industrial Development Board, to the Conference at its sixth session. The report of the Director-General (GC.6/13-IDB.14/18, dated 23 May 1995) was submitted to the Board at its fourteenth session. The Board took note of that report.

2. The present document revises slightly the report contained in document GC.6/13-IDB.14/18 to include developments that have taken place since May 1995. It should be considered in conjunction with the Annual Report of UNIDO 1994 (IDB.14/10, chap. III.D), which provides a general overview of current trends in manufacturing as well as information on UNIDO activities in the region.

I. ENHANCEMENT OF INTERCOUNTRY COOPERATION

(GC.5/Res.14, para. 2 (a))

3. UNIDO has been associated with the implementation of the United Nations Development Programme (UNDP) intercountry programme and participated in the recently concluded regional development cooperation in Asia and the Pacific meeting held at Kuala Lumpur, Malaysia, at which a mid-term review of the fifth intercountry programme (ICP5) was undertaken and connected development issues of the region were discussed. UNIDO's association with ICP5 has been as the implementing agency of the pesticide production and information and the biotechnology and biodiversity subprogramme of the regional programme on farmer-centred agricultural resource management (FARM).

4. In the implementation of the FARM biotechnology and biodiversity subprogramme, UNIDO's efforts are concentrated on the establishment of an Asian bioinformatics network and on assessments of potential new biotechnologies to contribute to the characterization and conservation of biodiversity in farming communities.

5. Regional projects approved in 1993-1994 included the following: a programme for small enterprise development for the Pacific region, a programme for the containment of environmental degradation emanating from tannery effluents, energy-saving technologies in ceramic and cement industries, a seminar for new technologies for environmental protection in the sugarcane industry, environmental protection in chemical industries consistent with the recommendations of Agenda 21.

6. The programme for the containment of environmental degradation was further strengthened by successfully negotiating the programme with a special-purpose donor. This will enable the establishment of a tannery sludge handling facility and pollution control and leather testing laboratories at Samut Prakarn, Thailand. A similar large-scale project, aimed at containing environmental deterioration by tannery waste through improvement of technical skills and regulatory measures, is being developed in Kasur, Pakistan. The project is part of the Kasur Environmental Improvement Programme of the local Government and is planned to be implemented with contributions from the Government, the private sector and the United Nations Development Programme.

II. FOCUS ON SPECIAL NEEDS OF LDCS

(GC.5/Res.14, para. 2 (a))

7. The Annual Report of UNIDO 1994 describes the subsector focus of the Special Programme on agro-related metal-working industries of the least developed countries (LDCs) in the region (IDB.14/10, chap. III.D, para. 41). Arrangements for financing of the first and second phases of the joint project with the Regional Network for Agricultural Machinery (RNAM) of the Economic and Social Commission for Asia and the Pacific (ESCAP) are also covered in that report. Gender issues are emphasized in the second project phase. Implementation of two components out of a total of six in the project (i.e. continued strengthening of national focal point linkages through existing network mechanisms and the promotion and development of commercial machinery prototypes) is scheduled for completion by the end of 1995. Additional resources from special-purpose contributions to the Industrial Development Fund (IDF) are being sought to further elaborate the programme.

8. In view of the diversity and complexity of the constraints and limitations of resources for regional activities, a comprehensive regional thematic programme, although desirable, is not likely to be cost-effective for the time being. However, the constraints identified will be addressed in a selected manner through regional and country-specific interventions providing direct support to existing and planned programmes and projects in the countries concerned. The objective is to promote rural development in the LDCs of the region through indigenous processing of agricultural and particularly food products, thus providing an economically viable dimension to national efforts to develop cottage, small- and medium-scale industries.

9. The group of LDCs in the Asia and Pacific region includes a wide variety of countries, ranging from Bangladesh with a population of 110 million to Tuvalu with only 9,000 inhabitants. The industrial base in the countries studied varies from fairly diversified and sophisticated R and D and manufacturing activities in Bangladesh and Myanmar to simple cottage-level production in the Lao People's Democratic Republic and the Pacific Island countries. However, there is a perceived urgent need for more diversified economic activity in food processing in each country and a number of constraints have been revealed that can be seen as common to most of them. These include:

(a) Inadequate policies with weak links between agricultural and industrial policies;

(b) Limited supply and inconsistent quality of raw materials;

(c) Lack of development capital;

(d) Limited domestic markets;

(e) High operational costs and distances from major international markets;

(f) Low level of human resources at managerial, entrepreneurial and skill levels;

(g) Insufficient knowledge of packaging technology;

(h) Poor food security systems and quality control facilities;

(i) Lack of support and applied R and D services and extension facilities, coupled with weak links of existing services with enterprises; and

(j) Particular limitations related to the access of women to raw materials, credit, technology, education and training.

10. UNIDO is endeavouring to adopt a strategy to reach the target groups through a synergy of activities supplementing ongoing and planned development programmes and projects with specific interventions. A detailed description of country-level plans, including the intermediaries identified in each, is available from the Secretariat.

11. The proposed UNIDO responses and institutional arrangements will mostly consist of services to be mobilized at the country level in support of specific national programmes. However, the following three regional support projects have already been formulated or are being implemented with UNIDO resources and further regional activities will be pursued in close cooperation with ESCAP and other relevant organizations:

(a) Application of mushroom biotechnology and bioconversion technologies for sustainable small industries development: The project has a particular emphasis on the LDCs of the region to promote and develop food-processing industries and create a global, international bio-informatics network of resource centres in support of mushroom and related biotechnology industries, self-sustaining quality control, and training centres in bioconversion technologies;

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(c) Workshop on promotion awareness and opportunities for appropriate biotechnologies in small-scale agricultural and industrial development (Manila, Philippines, November 1995): A programme has been launched to increase awareness and opportunities for the integration of new biotechnologies with indigenous knowledge through a partnership initiative with the non-governmental organization (NGO) network dealing with appropriate technology promotion in the region. Members of the NGO network will be introduced to various UNIDO biotechnology resources, especially UNIDO-promoted biotechnology networks in the region, and briefed on the benefits and risks of biotechnology. Access to resources and databases will be demonstrated and promoted. Possible joint technical cooperation projects will be identified as a follow-up.

III. FUNDS MOBILIZATION
(GC.5/Res.14, para. 2 (b))

12. A substantial portion of programmes approved during 1993-1994 under UNIDO-managed resources was for regional and subregional projects (see paras. 5 and 11 above). Regular Programme of Technical Cooperation funds of about $0.70 million and $1.64 million from IDF were devoted to regional programmes during the period. This did not include trust fund projects amounting to $0.57 million approved during the same period.

13. Paragraphs 3 and 4 above provide details on the involvement of UNIDO in the intercountry and other

UNDP programmes. However, most of the projects proposed for financing under the UNDP intercountry programme for 1992-1996 did not materialize due to resource constraints.

IV. INTEGRATION WITH OTHER UNIDO PROGRAMMES, INCLUDING INVESTMENT PROMOTION

(GC.5/Res.14, para. 2 (d))

14. Special attention was given to gender issues in the form of regional-level identification of patterns, trends and issues affecting women's participation in economic and industrial fields. The output of this project was presented at the Fourth World Conference for Women in September 1995 in Beijing, China and will be utilized for follow-up activities. In addition, in an October 1994 expert group meeting, private enterprises, women's organizations and Governments of the region were provided with information on current and potential sustainable economic development in selected industrial subsectors of the region. As mentioned in paragraph 7 above, emphasis will be placed on gender issues in the project on agro-related metalworking industries.

15. For the promotion of direct investment and technology transfer, particularly in the field of machine tools, a pilot programme with a strong element of economic cooperation among development countries (ECDC) was launched. Also approved in 1993-1994 were the seminars on technology management and industrial development, workshops for the telecommunication software and equipment industry, group training in supplies and stock management of railway spare parts, a workshop on modern technologies for water and wastewater treatment, and upgrading the knowledge of government officials and industrial plant technicians on the rational use of energy-saving technologies in food-processing and plastics industries.

16. Keeping in view the outward-looking, export-led idustrialization policies of most countries of the region on the one hand, and on the other the globalization of the world economy and the consequent importance of quality improvement in an extremely competitive environment, a special need arises to institute improved quality control and standardization, in particular to apply ISO 9000 and ISO 14000. Consequently, programmes were developed by UNIDO to create the necessary awareness at the level of policy makers and Governments.

17. A new programme for enterprise-level diagnostic work with regard to the implementation of standard and total quality management has been launched in the region. The project is built around the recognition that competitive manufacturing in international markets is impossible without standardization and total quality management. The programme is aimed at sharing the experience of Japan with managers from Government and private industry in the Association of South-East Asian Nations countries. It is expected that the programme will be extended to the less developed countries of the region with TCDC (technical co-operation among developing countries) concepts.

18. In order to respond to and support investment promotion efforts by a number of Governments in the region, assistance has been provided in formulation and implementation of programmes consisting of project identification, appraisal and promotion and of preparation of investors' guides. National capabilities in investment promotion have been strengthened by the training of counterpart staff at Investment Promotion Service offices or in specific group training programmes. Support has also been extended to setting up or strengthening national investment promotion offices.

V. REGIONAL MEETING ON UNIDO ACTIVITIES

(GC.5/Res.14, para. 2 (f))

19. In pursuance of General Conference resolution GC.5/Res.14, and in order to formulate a perspective for competitive industrial development in the region within the context of evolving global developments, a regional meeting of Ministers of Industry of Asia and the Pacific is to be held at New Delhi, India, from 19 to 20 October 1995. The meeting is being organized in close cooperation with ESCAP. It will review salient challenges related to the intensifying competition in world and regional markets and will focus on five key subjects: competitivity challenges at macro level; competitivity challenges at enterprise level; ecologically sustainable industrial development; special problems of the LDCs in the region; and the UNIDO regional programme for Asia and the Pacific.

VI. ACTION REQUIRED OF THE CONFERENCE

20. The Conference may wish to take note of the information provided in the present report.

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THE REGIONAL DIMENSION

Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean

Report by the Director-General

Summary

Reports on the implementation of actions called for by the Board in decision IDB.11/Dec.11 and the General Conference in resolution GC.5/Res.15 in relation to the Regional Cooperation Programme.

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Introduction

1. Implementation of the UNIDO programme in Latin America and the Caribbean continued along well-established lines, such as small and medium enterprises, training, investment promotion and technical cooperation at the subsectoral level. However, in line with new demands stemming from current policy challenges faced by the countries of the region, the programme is also experiencing important new departures such as in the environment (Montreal Protocol, cleaner production centres) and regional integration fields. Closer cooperation with such regional organizations as the Inter-American Development Bank, the Economic Commission for Latin America and the Caribbean (ECLAC) and the Latin American Economic System (SELA) represented an important feature of both the Regional Cooperation Programme and the overall UNIDO programme in the region.

2. General Conference resolution GC.5/Res.15 highlighted a number of aspects related to the implementation of the Regional Cooperation Programme. The present document is submitted in compliance with paragraph 2 of that resolution and should be read in conjunction with the review of recent development trends in the Latin America and Caribbean region contained in the *Annual Report of UNIDO 1994* (IDB.14/10, chap. III.F). The following chapters are organized in accordance with the specific paragraphs of General Conference resolution GC.5/Res.15, or Industrial Development Board decision IDB.11/Dec.11, to which they refer.

I. IMPLEMENTATION OF APPROVED PROJECTS

(IDB.11/Dec.11 and GC.5/Res.15, para. 1 (a))

3. Under the regional programme for modernization of the capital goods industry, all the software developed within the project was successfully tested in over 100 pilot enterprises. The broad acceptance of that software has led UNIDO to initiate translation into other official languages for use in technical cooperation programmes. A network has been started linking established national centres of excellence. Further activities and actions will be discussed at a meeting with national counterparts in July 1995.

4. Costa Rica recently became the fourteenth member of the UNIDO industrial subcontracting programme regional network, with El Salvador, Honduras and Nicaragua expected to join in the near future. The sixth coordination seminar held in Guatemala in March 1995 provided a framework for discussions for further improvement of the programme. Two sub-contracting exhibitions are planned for the second half of 1995 in Bolivia and Paraguay.

5. In the biotechnology programme, three training workshops were organized in the first half of 1995, with two more foreseen in the second half. In a January 1995 meeting, the Board of Directors of the programme officially requested United Nations Development Programme (UNDP) support for a third phase. In order to enhance the multiplier effect of the programme, closer cooperation modalities with other UNIDO programmes, such as the International Centre for Genetic Engineering and Biotechnology, and other international institutions are being studied.

6. Since it started in 1987 with the financial support of UNDP, the regional programme for biotechnology has managed to establish a network with the participation of 13 Latin American countries. Its first phase (1987-1993) funded research projects in industrial biotechnology, agrobiotechnology and health biotechnology, several of which reached pilot plant scale, and a number of workshops/seminars/fellowships. The second phase, which started in 1993 and will finish in 1996, has concentrated mostly on training courses or workshops, such as the industrial utilization of medicinal plants and the application of biotechnology to the treatment of industrial residues.

7. In response to mandates from Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) emanating from the last two meetings of Presidents of those countries, UNIDO has initiated preparatory activities to support the private and the public sectors. The aim is to elaborate and formulate common subregional strategies and policies for improved competitiveness and performance of selected industrial subsectors and to develop a more proactive role for the private sector. Following this preparatory phase, the framework is planned for a larger programme for which funds would have to be mobilized.

II. ENHANCEMENT OF QUALITY AND INTERACTION WITH ACTORS IN THE REGION

(GC.5/Res.15, para. 1 (b) and 1 (c))

8. With the participation of government officials and industrialists from selected countries of the region, initiatives have been undertaken for enhancing synergy with regional organizations and for strengthening the dialogue with Member States on the development of the Regional Cooperation Programme.

9. The first meeting of the Regional Forum on Industrial Policies in Latin America and the Caribbean

was organized jointly with SELA at San José, Costa Rica, in October 1994, with the participation of the Inter-American Development Bank, ECLAC, Caribbean Community (CARICOM), Cartagena Agreement (JUNAC) and Programa Bolívar. The meeting was instrumental in providing a substantive framework for the exchange of expertise among the actors involved in industrial development, such as government officials, industry and labour organizations, entrepreneurs, R and D institutions and international organizations. The meeting highlighted the formulation and implementation of sectoral policies and strategies for enhancing the sustainability of the Latin American industrial sector *vis-à-vis* necessary competition and national and international markets. UNIDO activities in the region were presented. The results of the meeting were discussed with representatives of the Group of Latin American Countries in Vienna in December 1994.

10. In pursuit of further improvements in the quality of its programmes in the region and of optimization of available resources, UNIDO participated in the first meeting of the Latin American Inter-Agency Co-ordination Committee of the Regional Forum on Industrial Policies (May 1995). Concrete synergies among ongoing and planned programmes were discussed and analysed, and an initial common programme framework for the region was developed for the biennium 1995-1996.

11. An expert group meeting on regional strategies in the context of emerging environmental standards and the promotion of quality improvement in the SME sector will be organized for the fourth quarter of 1995. The meeting will be organized in cooperation with ALADI and COPANT with the following main objectives: (a) the creation of a Latin American network of quality accreditation institutions, and (b) the development of training programmes needed to implement and promote quality and environmental standards. Such programmes could include environmental and quality auditing, metrology and quality and environment management.

12. Closer cooperation with the different sub-regional groupings has been sought, particularly in Central America, the Caribbean and the Southern Cone. The UNIDO MERCOSUR programme has produced seven documents, including two subsectoral diagnoses of competitiveness. These reports have been very well received by the counterparts, particularly as inputs for the work of the subgroup on industrial and technological policy. This line of work has led to further cooperation. The subsectoral reports of both UNIDO and the Inter-American Development Bank were presented and discussed with private sector representatives and senior government officials at a seminar on competitiveness in Sao Paulo, Brazil, in September 1994. The MERCOSUR Committee for Technical Cooperation has issued an official request for UNIDO to undertake a project on technical and economic indicators of subsectoral competitiveness. In addition, a cooperation agreement is in progress with the MERCOSUR Industrial Council, which represents the private sector of the four member countries.

III. IDENTIFICATION OF NEW PROGRAMMES AND PROJECTS

(IDB.11/Dec.11 and GC.5/Res.15, paras. 1 (a) and 1 (d))

13. A regional meeting with Ministers of Industry being organized for the fourth quarter of 1995 will highlight issues of concern for the Governments of the region, *inter alia*:

(a) New industrial strategies and policies to face globalization and regional development integration;

(b) Quality and competitiveness: upgrading national capacities and continuous improvement programmes;

(c) Private sector development, with particular emphasis on small and medium enterprises;

(d) Upgrading national capacities at the institutional level for cooperation in and development of technology and environmental protection;

(e) Investment promotion and strategic alliances.

14. Progress as well as the future orientation of the Regional Cooperation Programme will be reviewed in depth jointly with the respective national counterparts in a preliminary session to the meeting of Ministers of Industry. Selected current proposals are described in the following paragraphs.

15. The review of the achievements attained under the regional programme for modernization of the capital goods industry will be complemented with the results of surveys on the status of the implementation of quality and environmental management programmes in the region. This exercise will become the core input for the formulation of a regional programme for improving international competitiveness of the Latin American productive sector by enhancing its quality and environment performance.

16. The next phase of the biotechnology programme will focus mainly on project management, the commercialization of biotechnological products, legal aspects, application of biotechnology for the solution of

environmental problems and bioinformatics. Since the substantive financial support from UNDP in the first two phases will be reduced in the next, new financial alternatives are being investigated.

17. An assessment of the potentials for development of SME clusters in specific industrial sectors in the countries of Central America will be initiated within the near future. Upon completion of the study a strategy for development of the SME sector in the subregion will be developed.

18. The subcontracting programme will continue its efforts to enlarge the network, but complementary actions will be also undertaken to enhance cooperation between suppliers and users. A programme of assistance will be formulated for establishing increased assistance to the subcontractors in matters such as product design, engineering, input acquisition and marketing.

19. Preliminary activities have been initiated for developing of cooperation mechanisms in improving the technological innovation capacity of the countries of the region. A regional programme for enhancing and promoting the establishment of business and technology incubators is under development and the establishment of a network of incubators is being promoted.

20. Work is under way to identify technical measures that need to be implemented by the Governments of the region within the framework of increasing dissemination of quality standards (ISO 9000) and emerging environmental standards (ISO 14000). To that end, surveys have been concluded aimed at assessing the potential impact of those standards on the international trade of selected countries of the region. Cooperation has been established in this area with such regional organizations as the Latin American Association for Integration (ALADI) and the Pan-American Commission of Technical Norms (COPANT).

21. During a mission of the Director-General to Havana in May 1995, a series of meetings took place with high-level officials to further develop UNIDO cooperation with Cuba. During the course of discussions, the Director-General provided information about UNIDO's reform efforts and the Cuban authorities highlighted their strategies for Cuban reform and opening of the economy.

22. An investment promotion project is one of 11 technical cooperation projects under implementation by UNIDO in Cuba. During his mission the Director-General participated in the opening of an office in the National Investment Promotion Centre in Havana, which will benefit from linkage to the UNIDO World Investment Network Service (WINS).

23. A review was made of UNIDO assistance to Cuba in the areas of industrial restructuring, investment promotion, small- and medium-scale industry and management training. In particular, emphasis will be attached to the restructuring of the light industry sector as a means to promote the development of local suppliers in the food sector, furniture, textiles, etc., especially for the tourism-related industry. In this context, the need to increase the national capacity to satisfy internal demand and to promote exports to other countries of the region was pointed out. At the regional level the possibility of conceiving a cooperation programme in the context of the Caribbean countries is being examined. Such a regional programme would lead to more effective coverage of UNIDO's assisting capabilities to the industrial sector to which all Caribbean countries attach a high priority.

24. Discussions in May 1995 with the Government and the private sector of Mexico have led to the identification of priority actions that should be undertaken in the fields of small- and medium-scale industry development, industrial competitiveness, investment promotion and environmental protection. UNIDO cooperation with Mexican industrialists was discussed with the President of the National Federation of Chambers of Industry, who expressed his interest in opening an Investment Promotion Service office to be financed by the Federation.

IV. ACTION REQUIRED OF THE BOARD

25. The Board may wish to take note of the information provided in the present document.

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REGIONAL PRIORITIES AND PROGRAMMES: LATIN AMERICA AND THE CARIBBEAN

Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean

Report by the Director-General

Summary

Reports on the implementation of actions called for by the Industrial Development Board in decision IDB.11/Dec.11 and the General Conference in resolution GC.5/Res.15 in relation to the Regional Cooperation Programme.

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Introduction

1. At its fifth session, in resolution GC.5/Res.15, the General Conference addressed a number of requests to the Director-General related to the implementation of the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean. In that resolution, the Director-General was also requested to report on the subject, through the Industrial Development Board, to the Conference at its sixth session. The report of the Director-General (GC.6/14-IDB.14/19 dated 1 June 1995) was submitted to the Board at its fourteenth session. The Board took note of that report.

2. The present document slightly revises the report contained in document GC.6/14-IDB.14/19 to include developments that have taken place since 1 June 1995. It should be read in conjunction with the review of development trends in the Latin America and Caribbean region contained in the *Annual Report of UNIDO 1994* (IDB.14/10, chap. III.F). The following chapters are organized in accordance with the specific paragraphs of General Conference resolution GC.5/Res.15, or Industrial Development Board decision IDB.11/Dec.11, to which they refer.

3. Implementation of the UNIDO programme in Latin America and the Caribbean continued along well-established lines, such as small and medium enterprises, training, investment promotion and technical cooperation at the subsectoral level. However, in line with new demands stemming from current policy challenges faced by the countries of the region, the programme is also experiencing important new departures such as in the environment (Montreal Protocol, cleaner production centres) and regional integration fields. Closer cooperation with such regional organizations as the Inter-American Development Bank, the Economic Commission for Latin America and the Caribbean (ECLAC) and the Latin American Economic System (SELA) represented an important feature of both the Regional Cooperation Programme and the overall UNIDO programme in the region.

I. IMPLEMENTATION OF APPROVED PROJECTS

(IDB.11/Dec.11 and GC.5/Res.15, para. 1 (a))

4. Under the regional programme for modernization of the capital goods industry, all the software for modern management developed within the project was successfully tested in over 100 pilot enterprises. The broad acceptance of that software has led UNIDO to initiate translation into other official languages for use in technical cooperation programmes. A final evaluation of the programme took place in Vienna from 10 to 13 July 1995 with the participation of the national directors of the programme as well as representatives of donor countries and the Latin American and Caribbean Group. The participant countries praised the methodology developed by UNIDO and requested that the programme be continued under their own financing, with UNIDO contributing only 30 per cent of total costs.

5. Costa Rica recently became the fourteenth member of the UNIDO industrial subcontracting programme regional network, with El Salvador, Honduras and Nicaragua expected to join in the near future. The sixth coordination seminar held in Guatemala in March 1995 provided a framework for discussions for further improvement of the programme. Two subcontracting exhibitions are planned for the second half of 1995 in Bolivia and Paraguay.

6. In the biotechnology programme, three training workshops were organized in the first half of 1995, with two more foreseen in the second half. In a January 1995 meeting, the Board of Directors of the programme officially requested United Nations Development Programme (UNDP) support for a third phase. In order to enhance the multiplier effect of the programme, closer cooperation modalities with other UNIDO programmes, such as the International Centre for Genetic Engineering and Biotechnology, and other international institutions are being studied.

7. Since it started in 1987 with the financial support of UNDP, the regional programme for biotechnology has managed to establish a network with the participation of 13 Latin American countries. Its first phase (1987-1993) funded research projects in industrial biotechnology, agrobiotechnology and health biotechnology, several of which reached pilot plant scale, and a number of workshops/seminars/fellowships. The second phase, which started in 1993 and will finish in 1996, has concentrated mostly on training courses or workshops, such as the industrial utilization of medicinal plants and the application of biotechnology to the treatment of industrial residues.

8. In response to mandates from Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) emanating from the last two meetings of Presidents of those countries, UNIDO has initiated preparatory activities to support the private and the public sectors. The aim is to elaborate and formulate common subregional strategies and policies for improved competitiveness and performance of selected industrial subsectors and to develop a more proactive role for the private sector. Following this preparatory phase, the framework is planned for a larger programme for which extrabudgetary funds would have to be mobilized.

II. ENHANCEMENT OF QUALITY AND INTERACTION WITH ACTORS IN THE REGION

(GC.5/Res.15, para. 1 (b) and 1 (c))

9. With the participation of government officials and industrialists from selected countries of the region, initiatives have been undertaken for enhancing synergy with regional organizations and for strengthening the dialogue with Member States on the development of the Regional Cooperation Programme.

10. The first meeting of the Regional Forum on Industrial Policies in Latin America and the Caribbean was organized jointly with SELA at San José, Costa Rica, in October 1994, with the participation of the Inter-American Development Bank, ECLAC, Caribbean Community (CARICOM), Cartagena Agreement (JUNAC) and Programa Bolívar. The meeting was instrumental in providing a substantive framework for the exchange of expertise among the actors involved in industrial development, such as government officials, industry and labour organizations, entrepreneurs, R and D institutions and international organizations. The meeting highlighted the formulation and implementation of sectoral policies and strategies for enhancing the sustainability of the Latin American industrial sector *vis-à-vis* necessary competition and national and international markets. UNIDO activities in the region were presented. The results of the meeting were discussed with representatives of the Group of Latin America and Caribbean Countries in Vienna in December 1994.

11. In pursuit of further improvements in the quality of its programmes in the region and of optimization of available resources, UNIDO participated in the first meeting of the Latin American Inter-Agency Co-ordination Committee of the Regional Forum on Industrial Policies (May 1995). Concrete synergies among ongoing and planned programmes were discussed and analysed, and an initial common programme framework for the region was developed for the biennium 1995-1996.

12. An expert group meeting on regional strategies in the context of emerging environmental standards and the promotion of quality improvement in the SME sector will be organized for the fourth quarter of 1995. The meeting will be organized in cooperation with ALADI and COPANT with the following main objectives: (a) the creation of a Latin American network of quality accreditation institutions, and (b) the development of training programmes needed to implement and promote quality and environmental standards. Such programmes could include environmental and quality auditing, metrology and quality and environment management.

13. Closer cooperation with the different sub-regional groupings has been sought, particularly in Central America, the Caribbean and the Southern Cone. The UNIDO MERCOSUR programme has produced seven documents, including two subsectoral diagnoses of competitiveness. These reports have been very well received by the counterparts, particularly as inputs for the work of the subgroup on industrial and technological policy. This line of work has led to further cooperation. The subsectoral reports of both UNIDO and the Inter-American Development Bank were presented and discussed with private sector representatives and senior government officials at a seminar on competitiveness in Sao Paulo, Brazil, in September 1994. The MERCOSUR Committee for Technical Cooperation has issued an official request for UNIDO to undertake a project on technical and economic indicators of subsectoral competitiveness. In addition, a cooperation agreement is in progress with the MERCOSUR Industrial Council, which represents the private sector of the four member countries.

III. IDENTIFICATION OF NEW PROGRAMMES AND PROJECTS

(IDB.11/Dec.11 and GC.5/Res.15, paras. 1 (a) and 1 (d))

14. A regional meeting with Ministers of Industry being organized in cooperation with the Government of Uruguay from 19 to 22 September 1995 will highlight issues of concern for the Governments of the region, *inter alia*:

(a) New strategies and industrial policies in the framework of globalization, regional integration efforts and the new challenges of international competitiveness in the aftermath of the Uruguay round;

(b) Private sector development with particular emphasis on small- and medium-scale enterprises;

(c) Quality and competitiveness: upgrading national capacities within ongoing modernization programmes;

(d) Investment promotion, technology transfer and strategic alliances;

(e) Development of national capacities through human resources and technological development;

(f) Sustainable development with particular reference to the application of competitive clean technologies;

(g) The scope of the UNIDO programme for Latin America and the Caribbean.

15. Progress as well as the future orientation of the Regional Cooperation Programme will be reviewed in depth jointly with the respective national counterparts in a preliminary session to the meeting of Ministers of Industry. Selected current proposals are described in the following paragraphs.

16. The review of the achievements attained under the regional programme for modernization of the capital goods industry will be complemented with the results of surveys on the status of the implementation of quality and environmental management programmes in the region. This exercise will become the core input for the formulation of a regional programme for improving international competitiveness of the Latin American productive sector by enhancing its quality and environment performance.

17. The next phase of the biotechnology programme will focus mainly on project management, the commercialization of biotechnological products, legal aspects, application of biotechnology for the solution of environmental problems and bioinformatics. Since the substantive financial support from UNDP in the first two phases will be reduced in the next, new financial alternatives are being investigated.

18. An assessment of the potentials for development of SME clusters in specific industrial sectors in the countries of Central America has been initiated. Upon completion of the study a strategy for development of the SME sector in the subregion will be developed.

19. The subcontracting programme will continue its efforts to enlarge the network, but complementary actions will be also undertaken to enhance cooperation between suppliers and users. A programme of assistance will be formulated for establishing increased assistance to the subcontractors in matters such as product design, engineering, input acquisition and marketing.

20. Preliminary activities have been initiated for the development of cooperation mechanisms to enhance the technological innovation capacity of the countries of the region. A regional programme for enhancing and promoting the establishment of business and technology incubators is under development and the establishment of a network of incubators is being promoted.

21. Work is under way to identify technical measures that need to be implemented by the Governments of the region within the framework of increasing dissemination of quality standards (ISO 9000) and emerging environmental standards (ISO 14000). To that end, surveys have been concluded aimed at assessing the potential impact of those standards on the international trade of selected countries of the region. Cooperation has been established in this area with such regional organizations as the Latin American Association for Integration (ALADI) and the Pan-American Commission of Technical Norms (COPANT).

22. During a mission of the Director-General to Havana in May 1995, a series of meetings took place with high-level officials to further develop UNIDO cooperation with Cuba. During the course of discussions, the Director-General provided information about UNIDO's reform efforts and the Cuban authorities highlighted their strategies for the opening of the Cuban economy.

23. An investment promotion project is one of 11 technical cooperation projects under implementation by UNIDO in Cuba. During his mission the Director-General participated in the opening of an office in the National Investment Promotion Centre in Havana, which will benefit from linkage to the UNIDO World Investment Network Service (WINS).

24. A review was made of UNIDO assistance to Cuba in the areas of industrial restructuring, investment promotion, small- and medium-scale industry and management training. In particular, emphasis will be attached to the restructuring of the light industry sector as a means to promote the development of local suppliers in the food sector, furniture, textiles, etc., especially for the tourism-related industry. In this context, the need to increase the national capacity to satisfy internal demand and to promote exports to other countries of the region was pointed out. At the regional level the possibility of conceiving a cooperation programme in the context of the Caribbean countries is being examined. Such a regional programme would lead to more effective coverage of UNIDO's assisting capabilities to the industrial sector to which all Caribbean countries attach a high priority.

25. Discussions in May 1995 with the Government and the private sector of Mexico have led to the identification of priority actions that should be undertaken in the fields of small- and medium-scale industry development, industrial competitiveness, investment promotion and environmental protection. UNIDO cooperation with Mexican industrialists was discussed with the President of the National Federation of Chambers of Industry, who expressed his interest in opening an Investment Promotion Service office to be financed by the Federation.

IV. ACTION REQUIRED OF THE CONFERENCE

26. The Conference may wish to take note of the information provided in the present report.

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Sixth session
Vienna, 4-8 December 1995

Industrial Development Board

Fourteenth session
Vienna, 26-30 June 1995
Item 11 of the provisional agenda

OPERATIONAL ACTIVITIES FOR DEVELOPMENT

Note by the Director-General

Summary

Reports on measures taken and to be taken for the implementation of General Assembly resolution 47/199; provides information on the implementation of Industrial Development Board decision IDB.12/Dec.10 on UNIDO activities in support of improving the capacity of developing countries for national execution of projects.

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Introduction

1. The present document constitutes a progress report on measures taken with respect to the implementation of General Assembly resolution 47/199, in compliance with paragraph 51 of that resolution. It also updates the information provided to the Board at its twelfth session (IDB.12/9) on the subject, and provides information on UNIDO efforts in support of improving the capacity of developing countries for national execution of their development projects, in accordance with Board decision IDB.12/Dec.10. On its side, the Economic and Social Council (ECOSOC), in resolution 1993/7 urged the heads of specialized agencies to make every effort further to improve the efficiency and effectiveness of their organizations and to inform their governing bodies on measures taken in that regard.

I. COUNTRY STRATEGY NOTE

(General Assembly resolution 47/199, paras. 9-10)

2. In the context of its efforts to ensure a comprehensive response to industrial development constraints and prospects and to identify priority areas and programme thrusts for services to be provided by the Organization, UNIDO has engaged in the formulation of country support strategies. Six country support strategies are in an advanced stage, covering Azerbaijan, Indonesia, Kazakhstan, Kyrgyzstan, Syrian Arab Republic and Uzbekistan. They are expected to be finalized in the near future for submission to and endorsement by the respective Governments. Preparatory work has started in respect of 29 other country support strategies in Africa, Arab countries, Asia and the Pacific, Europe, and Latin America and the Caribbean, and 14 more are planned. These strategies are intended not only as a frame of reference to ensure effective focusing of UNIDO's own services in a particular country, but are also meant to provide industry-related inputs for the formulation of the country strategy note (CSN).

II. PROGRAMME APPROACH

(General Assembly resolution 47/199, paras. 12-14)

3. Based on its recent experience, UNIDO has developed and further refined its methodology for a programme approach. This has resulted in the formulation of integrated programmes covering the whole spectrum of activities linked to specific subjects, drawing on the wide range of capabilities available in the Organization and combining technical cooperation with its regular budget-funded services. Industrial sectors covered so far include the leather sector in Africa (regional), where the programme has been under implementation through two phases since 1989, and the wood sector in two countries in Latin America (Ecuador and Nicaragua), where programmes are essentially ready to start implementation. In addition, following a different approach, three thematic programmes have been formulated in the following areas: (a) women's entrepreneurship for industrial growth; (b) cleaner production centres; and (c) biomass in Africa. The programme approach methodology will also be applied, during the next biennium, to the seven programmatic themes that have been identified and are reflected in document IDB.14/13. UNIDO is also active in promoting the programme approach within the United Nations system and collaborates with other organizations in the development of a joint training programme on the subject.

III. NATIONAL EXECUTION

(General Assembly resolution 47/199, paras. 15-18; Industrial Development Board decision IDB.12/Dec.10, para. (c))

4. UNIDO has continued to participate in system-wide and inter-organizational initiatives to assess the impact of national execution on its activities and to improve related procedures, based on experience. In that vein, it has recently contributed to an evaluation exercise undertaken by the United Nations Development Programme (UNDP). It has also provided comments to the Joint Inspection Unit in respect of a study carried out in 1994. Among the main lessons drawn so far, the following should be highlighted: (a) early involvement of technical and specialized agencies in the design and formulation stage creates a good basis for determining the nature and extent of agency participation in programme and/or project implementation; (b) the role of National Project Directors is essential in ensuring good coordination of inputs; (c) the provision of technical support services by the agencies, such as those funded by the UNDP TSS-2 facility, greatly contributes to efficient and effective delivery; (d) the existence of adequate institutional and managerial capacity in the country is an essential element for success; and (e) clear systems of accountability and specific guidelines in the implementation of the national execution modality are urgently required.

IV. DECENTRALIZATION AND DELEGATION OF AUTHORITY

(General Assembly resolution 47/199, paras. 24-25; Economic and Social Council resolution 1993/7, para. 12)

5. The Director-General endorses, in principle, the concept of decentralization of certain capacities and greater delegation of authority to field offices. In

consonance with the repeatedly expressed wish of Member States to see the Organization move towards a stronger and more effective presence in the field, and in recognition of the growing importance of coordination of operational activities at field level, a considerable degree of attention has been paid in recent times to ways and means of achieving that objective. With a view to strengthening its field presence, both in qualitative and quantitative terms, UNIDO has carried out an in-depth assessment of its field structure, which has resulted in the presentation of a revised framework for field representation (IDB.14/25). In that context, various scenarios are presented whose implementation will depend on the resource situation of the Organization. Depending on the reactions of Member States and the decision of the Board thereon, the scale and level of decentralization and delegation of authority will be determined. The revised framework for field representation will also require the redefinition or revision of the role and functions of UNIDO field staff, in particular of UNIDO Country Directors *vis-à-vis* UNDP Resident Representatives.

V. SIMPLIFICATION AND HARMONIZATION OF PROCEDURES FOR PROJECT DESIGN, EVALUATION, MONITORING AND AUDIT

(General Assembly resolution 47/199, paras. 33-34)

6. To ensure greater programme transparency and accountability, procedures for a new service management process were introduced in UNIDO as a framework for the Organization's overall quality management approach. The process relies on objectives-oriented project planning (OOPP), improved project cycle management concepts and on quality management techniques and methodologies (ISO 9004). It employs the quality principles of transparency and accountability, by ensuring clarity and traceability of actions taken at each stage in the definition and implementation of services rendered by UNIDO. In the same vein, the authority and scope of functions of the Programme and Project Review Committee (PPRC) have been reformed. PPRC is the internal decision-making and advisory body entrusted with the task of ensuring that UNIDO services are designed and delivered in accordance with the Organization's mandate, policy, priorities, established quality standards and financial and other applicable rules and regulations.

7. Management procedures and processes are under regular scrutiny and review in order to adjust and improve them in the light of the experience and needs of the Organization. Thus, project cycle management is being critically examined and will be further streamlined in the course of the year.

8. Development cooperation approaches and methodologies will continue to be harmonized with other multilateral cooperation agencies, especially within the United Nations system, through informal consultations and existing inter-agency mechanisms. Currently, the CSN, the programme approach, and monitoring and evaluation are regularly being discussed in this way.

VI. COMMON PREMISES

(General Assembly resolutions 47/199, para. 42, and 48/209, para. 6)

9. As reported in the past, UNIDO field offices are, as a rule, fully integrated in the administrative and organizational structure of UNDP offices and physically located in those offices. Depending on the outcome of the debate on the revised framework of field representation under agenda item 7 (i), different approaches may have to be considered, especially in the case of host countries providing premises free of charge to the Organization and/or otherwise contributing to cover local costs.

VII. TRAINING (NATIONAL AND INTERNATIONAL)

(General Assembly resolution 47/199, paras. 43-47)

10. Since the issuance of the previous report, UNIDO has continued and increased its involvement in system-wide training programmes at Headquarters as well as in the field. It has contributed a resource person to the course on management of field coordination held at the International Training Centre of the International Labour Organization at Turin, Italy, which was also attended by UNIDO field staff. Moreover, UNIDO has organized courses on management and computer-related applications for other United Nations entities and organizations (United Nations Office in Vienna, United Nations High Commissioner for Refugees, UNDP). A UNIDO staff member is participating actively in the feasibility study currently under way in respect of the creation of a United Nations staff college, initiated by the Secretary-General. UNIDO had also held a substantial number of other training activities for both its own staff and nationals of developing countries on quality systems (9 briefing sessions), project cycle management (9 workshops), objectives-oriented project preparation (9 workshops) and other special purposes

(3 workshops). These activities will continue in the next biennium with funding from the 1996-1997 programme and budgets as well as from extrabudgetary sources.

VIII. RESIDENT COORDINATOR SYSTEM

(General Assembly resolutions 47/199, paras. 38-39, and 48/209)

11. UNIDO has been actively participating in the work of the Consultative Committee on Programme and Operational Questions (CCPOQ), which has most recently resulted in the adoption of a statement on the role and functioning of the resident coordinator system. The statement was subsequently endorsed by the Administrative Committee on Coordination and circulated to field offices.

IX. IMPROVEMENT OF EFFICIENCY AND EFFECTIVENESS

(Economic and Social Council resolution 1993/7, para. 2)

12. In the process of definition of assistance to be provided to Member States, UNIDO has put emphasis on the need to ensure that all its programmes and projects are demand driven and are based on the priorities of the requesting country. At the same time, in full recognition of the importance of quality based on the criteria of relevance, cost-effectiveness and sustainability (cf. GC.4/28, annex and General Conference decision GC.4/Dec.11), UNIDO has introduced a quality assurance scheme as reported in document GC.6/8-IDB.14/14, chapter I. In a related development, a blueprint of the quality system for UNIDO technical support services was issued towards the end of 1994 for internal use.

13. The annual analysis of evaluations of its operational activities provides UNIDO with useful insights into programme and project implementation and inspires suitable changes and adjustments in the processes and procedures of the Organization.

X. COMPREHENSIVE ANALYSIS OF THE IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 47/199

(General Assembly resolution 47/199, para. 55; Economic and Social Council resolution 1994/33, para. 4)

14. UNIDO has actively collaborated with the Department for Policy Coordination and Sustainable Development in the preparation of the analysis requested by the General Assembly from the Secretary-General in the context of the triennial comprehensive policy review of the United Nations system operational activities. It has submitted a detailed reply to a specific questionnaire for headquarters of organizations. Moreover, a UNIDO staff member took part in the work of a team of United Nations officials and consultants who carried out a field-level assessment of progress made in the implementation of relevant provisions of General Assembly resolution 47/199. The results of these efforts will be presented in a report that will be submitted to the Economic and Social Council at its substantive session of 1995 (26 June to 28 July 1995) and debated in the context of the operational activities segment.

XI. ACTION REQUIRED OF THE BOARD

15. The Board may wish to take note of the present note and make appropriate recommendations.

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Vienna, 4-8 December 1995
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FINANCIAL AND ADMINISTRATIVE MATTERS

Matters related to intergovernmental, non-governmental, governmental and other organizations

Note by the Director-General

Summary

Provides information on events related to agreements with intergovernmental organizations and to consultative status of non-governmental organizations associated with the work of UNIDO since the fifth session of the General Conference.

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Distr.: 4 September 1995

Introduction

1. In accordance with Article 19 of the Constitution, the General Conference, at its first session, issued guidelines according to which the Director-General, with the approval of the Industrial Development Board, may enter into agreements or establish appropriate relations with certain organizations (decision GC.1/Dec.41, annex). Paragraphs 4, 11 and 19 of the guidelines stipulate that the Director-General shall report to the Conference at each regular session on any agreements with intergovernmental or governmental organizations or other organizations of the United Nations system entered into by him on behalf of the Organization and on any consultative relations established since the preceding regular session. The present document complies with those stipulations, and provides information on related events that have taken place since the fifth session of the General Conference.

I. ORGANIZATIONS IN THE UNITED NATIONS SYSTEM

2. A Memorandum of Understanding with the United Nations International Drug Control Programme (UNDCP) was signed on 24 October 1994.

II. INTERGOVERNMENTAL ORGANIZATIONS

3. Since the fifth regular session of the General Conference, the Director-General has concluded appropriate relationship agreements with the following three intergovernmental organizations (IGOs):

Economic Cooperation Organization (ECO)

Cooperation Council for the Arab States of the Gulf (GCC)

League of Arab States (LAS)

This brings the number of IGOs with which the Director-General has concluded appropriate relationship agreements to 31 (see annex I) since UNIDO became a specialized agency.

III. NON-GOVERNMENTAL ORGANIZATIONS

4. At its fourteenth session the Board, in decision IDB.14/Dec.24, decided to grant consultative status with UNIDO to eight non-governmental organizations (NGOs), bringing to a total of 108 the number of NGOs in consultative status with UNIDO. A listing of those NGOs is provided in annex II.

Annex I

INTERGOVERNMENTAL ORGANIZATIONS WITH WHICH RELATIONSHIP AGREEMENTS HAVE BEEN OR WILL BE CONCLUDED

(as of 1 September 1995: 46 organizations)

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
*African Development Bank	AfDB	IDB.2/Dec.28	IDB.2/31
*African Intellectual Property Organization	OAPI	IDB.6/Dec.19	IDB.6/15
African Postal and Telecommunications Union	APTU	IDB.4/Dec.44	IDB.4/6
*African Regional Centre for Technology	ARCT	IDB.2/Dec.28	IDB.2/31
*African Regional Organization for Standardization	ARSO	IDB.2/Dec.28	IDB.2/31
*Agency for Cultural and Technical Co-operation	ACCT	IDB.2/Dec.28	IDB.2/31
Andean Parliament		IDB.2/Dec.28	IDB.2/31
*Arab Industrial Development and Mining Organization	AIDMO	IDB.2/Dec.28	IDB.2/31
Arab League Educational, Cultural and Scientific Organization	ALECSO	IDB.2/Dec.28	IDB.2/31
*Arab Union for Cement and Building Materials	AUCBM	IDB.3/Dec.43	IDB.3/24
*Asian-African Legal Consultative Committee	AALCC	IDB.10/Dec.20	IDB.10/16/Add.1
*Asian and Pacific Coconut Community	APCC	IDB.2/Dec.28	IDB.2/31
Caribbean Community	CARICOM	IDB.5/Dec.40	IDB.5/22
*Caribbean Development Bank	CDB	IDB.2/Dec.28	IDB.2/31
*Cartagena Agreement	JUNAC	IDB.2/Dec.28	IDB.2/31
*Central African Customs and Economic Union	UDEAC	IDB.2/Dec.28	IDB.2/31
*Central African States Development Bank	CASDB	IDB.2/Dec.28	IDB.2/31
*Common Market for Eastern and Southern Africa	COMESA a/	IDB.4/Dec.44	IDB.4/6
*Cooperation Council for the Arab States of the Gulf	GCC	IDB.10/Dec.20	IDB.10/16
Council for Arab Economic Unity	CAEU	IDB.2/Dec.28	IDB.2/31
Development Bank of the Great Lakes States	BDEGL	IDB.10/Dec.20	IDB.10/16
*Economic Cooperation Organization	ECO	IDB.11/Dec.35	IDB.11/18
*European Union	EU	IDB.6/Dec.19	IDB.6/15
*Financial Fund for Development of the Plate River Basin	FONPLATA	IDB.8/Dec.39	IDB.8/44
*Fund for Solidarity and Economic Development of the West African Economic Community	FOSIDEC	IDB.6/Dec.19	IDB.6/15/Add.1
*Group of Latin American and Caribbean Sugar Exporting Countries	GEPLACEA	IDB.2/Dec.28	IDB.2/31
*Gulf Organization for Industrial Consulting	GOIC	IDB.2/Dec.28	IDB.2/31
*International Centre for Public Enterprises in Developing Countries	ICPE	IDB.2/Dec.28	IDB.2/31
*International Center for Scientific and Technical Information	ICSTI	IDB.5/Dec.40	IDB.5/22
International Jute Organization	IJO	IDB.4/Dec.44	IDB.4/6
*International Lead and Zinc Study Group	ILZSG	IDB.5/Dec.40	IDB.5/22
*International Organization for Migration	IOM	IDB.2/Dec.28	IDB.2/31
*International Pepper Community	IPC	IDB.8/Dec.39	IDB.8/44
International Tropical Timber Organization	ITTO	IDB.5/Dec.40	IDB.5/22
Islamic Center for the Development of Trade	ICDT	IDB.2/Dec.28	IDB.2/31
Islamic Development Bank	IDB	IDB.2/Dec.28	IDB.2/31
Islamic Educational, Scientific and Cultural Organization	ISESCO	IDB.11/Dec.35	IDB.11/18
Islamic Foundation for Science, Technology and Development	IFSTAD	IDB.8/Dec.39	IDB.8/44
Latin American Integration Association	ALADI	IDB.11/Dec.35	IDB.11/18
*League of Arab States	LAS	IDB.9/Dec.18	IDB.9/19
*Organization for the Development of the Senegal River	OMVS	IDB.2/Dec.28	IDB.2/31
*Organization of African Unity	OAU	IDB.2/Dec.29	IDB.2/31
Organization of the Islamic Conference	OIC	IDB.2/Dec.28	IDB.2/31
*South Asia Co-operative Environment Programme	SACEP	IDB.2/Dec.28	IDB.2/31
*West African Development Bank	WADB	IDB.2/Dec.28	IDB.2/31

Note: The International Institute for Cotton ceased its activities on 30 April 1994.

* Agreement concluded.

a/ Formerly named Preferential Trade Area for Eastern and Southern African States (PTA).

Annex II

INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS
HAVING CONSULTATIVE STATUS WITH UNIDO

(as of 1 September 1995: 108 organizations)

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
African Technical Association	ATA	IDB.2/Dec.29	IDB.2/5
Afro-Asian Peoples' Solidarity Organizations	AAPSO	IDB.2/Dec.29	IDB.2/5
Agri-Energy Roundtable, Inc.	AER	IDB.2/Dec.29	IDB.2/5/Add.1
Arab Federation for Food Industries	AFFI	IDB.2/Dec.29	IDB.2/5
Arab Federation of Chemical Fertilizers Producers	AFCFP	IDB.2/Dec.29	IDB.2/5
Arab Iron and Steel Union	AISU	IDB.2/Dec.29	IDB.2/5
Arab Sugar Federation	ASF	IDB.2/Dec.29	IDB.2/5/Add.1
Association of African Development Finance Institutions	AADFI	IDB.2/Dec.29	IDB.2/5/Add.1
Association of Latin American Industrialists	AILA	IDB.2/Dec.29	IDB.2/5
Austro-Egyptian Chamber of Commerce		IDB.4/Dec.45	IDB.4/17
Club of Dakar		IDB.2/Dec.29	IDB.2/5
Collaborative International Pesticides Analytical Council Limited	CIPAC	IDB.4/Dec.45	IDB.4/17
European Federation of Management Consultants' Associations	FEACO	IDB.2/Dec.29	IDB.2/5
European Federation of National Engineering Associations	FEANI	IDB.2/Dec.29	IDB.2/5
European Federation of National Maintenance Societies	EFNMS	IDB.2/Dec.29	IDB.2/5/Add.1
European Fertilizer Manufacturers' Association	EFMA	IDB.5/Dec.41	IDB.5/23
European Organization for Quality	EOQ	IDB.2/Dec.29	IDB.2/5/Add.1
European Regional Industrial Development Organization	ERIDO	IDB.14/Dec.24	IDB.14/23
European Union of Public Relations	EUPR	IDB.14/Dec.24	IDB.14/23
Federation of African Consultants	FECA	IDB.2/Dec.29	IDB.2/5/Add.1
Forum Francophone des Affaires	FFA	IDB.14/Dec.24	IDB.14/23
International Forum a/		IDB.2/Dec.29	IDB.2/5
Institute of Higher Management	ISG	IDB.8/Dec.40	IDB.8/14
International Academy of Architecture	IAA	IDB.8/Dec.40	IDB.8/14
International Academy of Engineering	IAE	IDB.11/Dec.36	IDB.11/16
International Academy of Technological Sciences		IDB.10/Dec.21	IDB.10/13
International Alliance of Women	IAW	IDB.8/Dec.40	IDB.8/14
International Association for Cereal Science and Technology	ICC	IDB.2/Dec.29	IDB.2/5
International Association for Hydraulic Research	IAHR	IDB.6/Dec.20	IDB.6/4
International Association for the Exchange of Students for Technical Experience	IAESTE	IDB.2/Dec.29	IDB.2/5/Add.1
International Association for the Protection of Industrial Property	AIPPI	IDB.2/Dec.29	IDB.2/5/Add.1
International Association of Crafts and Small- and Medium-sized Enterprises	IACME	IDB.2/Dec.29	IDB.2/5
International Association of Islamic Banks	IAIB	IDB.2/Dec.29	IDB.2/5
International Association of Trading Organizations for a Developing World	ASTRO	IDB.4/Dec.45	IDB.4/17
International Centre for Earth Construction	CRATerre	IDB.6/Dec.20	IDB.6/4
International Centre for the Training of Bank Professionals	CIFPB	IDB.6/Dec.20	IDB.6/4
International Chamber of Commerce	ICC	IDB.2/Dec.29	IDB.2/5
International Committee for Plastics in Agriculture	CIPA	IDB.2/Dec.29	IDB.2/5
International Confederation of Free Trade Unions	ICFTU	IDB.2/Dec.29	IDB.2/5
International Co-operative Alliance	ICA	IDB.2/Dec.29	IDB.2/5
International Council for Building Research, Studies and Documentation	CIB	IDB.2/Dec.29	IDB.2/5
International Council of Graphic Design Associations	ICOGRADA	IDB.8/Dec.40	IDB.8/14
International Council of Societies of Industrial Design	ICSID	IDB.2/Dec.29	IDB.2/5
International Council of Women	ICW	IDB.2/Dec.29	IDB.2/5
International Electrotechnical Commission	IEC	IDB.2/Dec.29	IDB.2/5
International Federation for Heat Treatment and Surface Engineering	IFHT	IDB.8/Dec.40	IDB.8/14
International Federation for Information Processing	IFIP	IDB.14/Dec.24	IDB.14/23
International Federation for Medical and Biological Engineering	IFMBE	IDB.2/Dec.29	IDB.2/5
International Federation of Agricultural Producers	IFAP	IDB.2/Dec.29	IDB.2/5

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
International Federation of Automatic Control	IFAC	IDB.2/Dec.29	IDB.2/5/Add.1
International Federation of Business and Professional Women	IFBPW	IDB.4/Dec.45	IDB.4/17
International Federation of Consulting Engineers	FIDIC	IDB.2/Dec.29	IDB.2/5/Add.1
International Federation of Pharmaceutical Manufacturers Associations	IFPMA	IDB.2/Dec.29	IDB.2/5
International Fertilizer Industry Association	IFA	IDB.2/Dec.29	IDB.2/5
International Foundation for the Promotion of Privatization and Foreign Investments	FPI	IDB.11/Dec.36	IDB.11/6
International Institute of Applied Technologies	IIAT	IDB.14/Dec.24	IDB.14/23
International Institute of Welding	IIW	IDB.2/Dec.29	IDB.2/5/Add.1
International Measurement Confederation	IMECO	IDB.2/Dec.29	IDB.2/5
International Organization for Standardization	ISO	IDB.2/Dec.29	IDB.2/5
International Organization of Consumers Unions	IOCU	IDB.2/Dec.29	IDB.2/5
International Organization of Employers	IOE	IDB.2/Dec.29	IDB.2/5
International Organization of Experts	ORDINEX	IDB.2/Dec.29	IDB.2/5/Add.1
International Savings Bank Institute	ISBI	IDB.2/Dec.29	IDB.2/5/Add.1
International Society for Engineering Education	IGIP	IDB.2/Dec.29	IDB.2/5
International Statistical Institute	ISI	IDB.10/Dec.21	IDB.10/13
International Union for Co-operation towards Development	UNICOS	IDB.8/Dec.40	IDB.8/14
International Union of Architects	UIA	IDB.2/Dec.29	IDB.2/5
International Union of Food Science and Technology	IUFoST	IDB.2/Dec.29	IDB.2/5/Add.1
International Union of Leather Technologists and Chemists Societies	IULTCS	IDB.2/Dec.29	IDB.2/5
International Union of Technical Associations and Organizations b/	UATI	IDB.2/Dec.19	IDB.2/5
International Union of Testing and Research Laboratories for Materials and Structures	RILEM	IDB.2/Dec.29	IDB.2/5/Add.1
Islamic Chamber of Commerce and Industry c/	ICCI	IDB.2/Dec.29	IDB.2/5
Jeunes Entreprises/Junior Achievement Afrique		IDB.14/Dec.24	IDB.14/23
Latin American Association of Development Financing Institutions	ALIDE	IDB.2/Dec.29	IDB.2/5
Latin American Association of Food Processors	ALICA	IDB.2/Dec.29	IDB.2/5
Latin American Association of Pharmaceutical Industries	ALIFAR	IDB.2/Dec.29	IDB.2/5
Latin American Iron and Steel Institute	ILAFA	IDB.2/Dec.29	IDB.2/5
Latin American Plastics Institute	ILAP	IDB.2/Dec.29	IDB.2/5/Add.1
Licensing Executives Society	LES	IDB.2/Dec.29	IDB.2/5/Add.1
Moscow International Energy Club	MIEC	IDB.6/Dec.20	IDB.6/4
Mutual Assistance of the Latin American Government Oil Companies	ARPEL	IDB.2/Dec.29	IDB.2/5
Organization of Islamic Capitals and Cities	OICC	IDB.11/Dec.36	IDB.11/16
Pan African Union of Science and Technology	PUST	IDB.10/Dec.21	IDB.10/13
Pan American Standards Commission	COPANT	IDB.2/Dec.29	IDB.2/5
"Pio Manzu" International Research Centre		IDB.2/Dec.29	IDB.2/5
Professors' Association of Metrologists	PAM	IDB.10/Dec.21	IDB.10/13
Society for International Development	SID	IDB.2/Dec.29	IDB.2/5
Society of Chemical Industry	SCI	IDB.2/Dec.29	IDB.2/5
Soroptimist International	SI	IDB.14/Dec.24	IDB.14/23
Support Centre for Food Development	SCFD	IDB.14/Dec.24	IDB.14/23
Third World Foundation for Social and Economic Studies		IDB.2/Dec.29	IDB.2/5
Transfrigoroute International	TI	IDB.5/Dec.41	IDB.5/23
Union of Industrial and Employers' Confederations of Europe	UNICE	IDB.2/Dec.29	IDB.2/5
Union of International Fairs	UFI	IDB.2/Dec.29	IDB.2/5
Union of Producers, Conveyors and Distributors of Electrical Power in Africa	UPDEA	IDB.2/Dec.29	IDB.2/5
Women's International Democratic Federation	WIDF	IDB.4/Dec.45	IDB.4/17
World Association for Small and Medium Enterprises d/	WASME	IDB.2/Dec.29	IDB.2/5
World Association for Element-building and Prefabrication	WAEP	IDB.2/Dec.29	IDB.2/5/Add.1
World Association of Industrial and Technological Research Organizations	WAITRO	IDB.2/Dec.29	IDB.2/5
World Coal Institute	WCI	IDB.8/Dec.40	IDB.8/14
World Confederation of Labour	WCL	IDB.2/Dec.29	IDB.2/5
World Council of Management	CIOS	IDB.5/Dec.41	IDB.5/23
World Export Processing Zones Association	WEPZA	IDB.2/Dec.29	IDB.2/5

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
World Federation of Development Financing Institutions	WFDFI	IDB.2/Dec.29	IDB.2/5
World Federation of Engineering Organizations	WFEO	IDB.2/Dec.29	IDB.2/5
World Federation of Trade Unions	WFTU	IDB.2/Dec.29	IDB.2/5
World Organization of Building Officials	WOBO	IDB.5/Dec.41	IDB.5/23
World Packaging Organization	WPO	IDB.8/Dec.40	IDB.8/14

a/ Formerly named the Institute for the Development of International Co-operation.

b/ Formerly named the Union of International Technical Associations.

c/ Formerly named the Islamic Chamber of Commerce, Industry and Commodity Exchange.

d/ Formerly named the World Assembly of Small and Medium Enterprises.

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15 August 1995

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

GENERAL CONFERENCE

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LISTS OF STATES INCLUDED IN ANNEX I TO THE CONSTITUTION OF UNIDO

Note by the Secretariat

1. Reference is made to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO, contained in document UNIDO/GC.1/3. According to Annex I to the Constitution, the Lists of States to be included by the Depositary (Secretary-General of the United Nations) in that Annex are the lists determined by the General Assembly of the United Nations for the purpose of section II, paragraph 4, of General Assembly resolution 2152 (XXI), as in effect on the date the Constitution entered into force, namely on 21 June 1985.

2. As of 15 August 1995, 168 States were Members of UNIDO. Of these, 156 are shown in the Lists of States to be included by the Depositary in Annex I to the Constitution (see overleaf). The following 12 States have become Members of UNIDO but are not yet included in any of those lists:

State	Date of accession
Croatia	2 June 1992
Slovenia	11 June 1992
Bosnia and Herzegovina	1 October 1992
Georgia	30 October 1992
Kyrgyzstan	8 April 1993
The former Yugoslav Republic of Macedonia	27 May 1993
Republic of Moldova	1 June 1993
Tajikistan	9 June 1993
Azerbaijan	26 November 1993
Uzbekistan	26 April 1994
Turkmenistan	16 February 1995
Eritrea	20 June 1995

Pursuant to paragraph 1 of Annex I to the Constitution, if a State not listed in any of those lists becomes a Member of UNIDO, the General Conference shall decide, after appropriate consultations, in which of those lists it is to be included. The matter is herewith brought to the attention of the Conference for consideration.

3. The present note supersedes document IDB.14/7.

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Distr.: 18 August 1995

A. States from List A of document UNIDO/GC.1/3

Afghanistan
Algeria
Angola
Bahrain
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
China
Comoros
Congo
Côte d'Ivoire
Democratic People's Republic of Korea
Djibouti
Egypt
Equatorial Guinea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Jordan
Kenya
Kuwait
Lao People's Democratic Republic
Lebanon
Lesotho
Liberia
Libyan Arab Jamahiriya
Madagascar
Malawi
Malaysia
Maldives
Mali
Mauritania
Mauritius
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Papua New Guinea
Philippines
Qatar
Republic of Korea
Rwanda
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Somalia
Sri Lanka
Sudan
Swaziland
Syrian Arab Republic
Thailand
Togo
Tonga
Tunisia
Uganda
United Arab Emirates
United Republic of Tanzania
Vanuatu
Viet Nam
Yemen
Yugoslavia a/
Zaire
Zambia
Zimbabwe

B. States from List B of document UNIDO/GC.1/3

Australia
Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Malta
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America

C. States from List C of document UNIDO/GC.1/3

Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

D. States from List D of document UNIDO/GC.1/3

Albania
Armenia
Belarus
Bulgaria
Czech Republic
Hungary
Lithuania
Poland
Romania
Russian Federation
Slovakia
Ukraine

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a/ Concerning Yugoslavia, see resolution GC/S.1/Res.1 adopted by the General Conference at its first special session.

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25 October 1995

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

GENERAL CONFERENCE

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Vienna, 4-8 December 1995

LISTS OF STATES INCLUDED IN ANNEX I TO THE CONSTITUTION OF UNIDO

Note by the Secretariat

1. Reference is made to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO, contained in document UNIDO/GC.1/3. According to Annex I to the Constitution, the Lists of States to be included by the Depositary (Secretary-General of the United Nations) in that Annex are the lists determined by the General Assembly of the United Nations for the purpose of section II, paragraph 4, of General Assembly resolution 2152 (XXI), as in effect on the date the Constitution entered into force, namely on 21 June 1985.

2. As of 24 October 1995, 169 States were Members of UNIDO. Of these, 157 are shown in the Lists of States to be included by the Depositary in Annex I to the Constitution (see overleaf). The following 12 States have become Members of UNIDO but are not yet included in any of those lists:

State	Date of accession
Croatia	2 June 1992
Slovenia	11 June 1992
Bosnia and Herzegovina	1 October 1992
Georgia	30 October 1992
Kyrgyzstan	8 April 1993
The former Yugoslav Republic of Macedonia	27 May 1993
Republic of Moldova	1 June 1993
Tajikistan	9 June 1993
Azerbaijan	26 November 1993
Uzbekistan	26 April 1994
Turkmenistan	16 February 1995
Eritrea	20 June 1995

Pursuant to paragraph 1 of Annex I to the Constitution, if a State not listed in any of those lists becomes a Member of UNIDO, the General Conference shall decide, after appropriate consultations, in which of those lists it is to be included. The matter is herewith brought to the attention of the Conference for consideration.

3. The present note supersedes document GC.6/17.

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A. States from List A of document UNIDO/GC.1/3

Afghanistan
Algeria
Angola
Bahrain
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chad
China
Comoros
Congo
Côte d'Ivoire
Democratic People's Republic of Korea
Djibouti
Egypt
Equatorial Guinea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Jordan
Kenya
Kuwait
Lao People's Democratic Republic
Lebanon
Lesotho
Liberia
Libyan Arab Jamahiriya
Madagascar
Malawi
Malaysia
Maldives
Mali
Mauritania
Mauritius
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Papua New Guinea
Philippines
Qatar
Republic of Korea
Rwanda
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Somalia
Sri Lanka
Sudan
Swaziland
Syrian Arab Republic
Thailand
Togo
Tonga
Tunisia
Uganda
United Arab Emirates
United Republic of Tanzania
Vanuatu
Viet Nam
Yemen
Yugoslavia a/
Zaire
Zambia
Zimbabwe

B. States from List B of document UNIDO/GC.1/3

Australia
Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Malta
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America

C. States from List C of document UNIDO/GC.1/3

Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

D. States from List D of document UNIDO/GC.1/3

Albania
Armenia
Belarus
Bulgaria
Czech Republic
Hungary
Lithuania
Poland
Romania
Russian Federation
Slovakia
Ukraine

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a/ Concerning Yugoslavia, see resolution GC/S.1/Res.1 adopted by the General Conference at its first special session.

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7 December 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995

LISTS OF STATES INCLUDED IN ANNEX I TO THE CONSTITUTION OF UNIDO

Note by the Secretariat

1. Reference is made to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO, contained in document UNIDO/GC.1/3. According to Annex I to the Constitution, the Lists of States to be included by the Depositary (Secretary-General of the United Nations) in that Annex are the lists determined by the General Assembly of the United Nations for the purpose of section II, paragraph 4, of General Assembly resolution 2152 (XXI), as in effect on the date the Constitution entered into force, namely on 21 June 1985.

2. As of 24 October 1995, 169 States were Members of UNIDO. Of these, 164 are shown in the Lists of States to be included by the Depositary in Annex I to the Constitution (see overleaf). The following 5 States have become Members of UNIDO but are not yet included in any of those lists:

State	Date of accession
Slovenia	11 June 1992
Georgia	30 October 1992
Tajikistan	9 June 1993
Uzbekistan	26 April 1994
Turkmenistan	16 February 1995

Pursuant to paragraph 1 of Annex I to the Constitution, if a State not listed in any of those lists becomes a Member of UNIDO, the General Conference shall decide, after appropriate consultations, in which of those lists it is to be included. The matter is herewith brought to the attention of the Conference for consideration.

3. The present note supersedes document GC.6/17/Rev.1.

V.95 31297 (E) (a:\1995\pmo 7)

A. States from List A of document UNIDO/GC.1/3

Afghanistan
Algeria
Angola
Bahrain
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chad
China
Comoros
Congo
Côte d'Ivoire
Democratic People's Republic of Korea
Djibouti
Egypt
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Jordan
Kenya
Kuwait
Kyrgyzstan
Lao People's Democratic Republic
Lebanon
Lesotho
Liberia
Libyan Arab Jamahiriya
Madagascar
Malawi
Malaysia
Maldives
Mali
Mauritania
Mauritius
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Papua New Guinea
Philippines
Qatar
Republic of Korea
Rwanda
Sao Tome and Principe
Saudi Arabi
Senegal
Seychelles
Sierra Leone
Somalia
Sri Lanka
Sudan
Swaziland
Syrian Arab Republic
Thailand
Togo
Tonga
Tunisia
Uganda
United Arab Emirates
United Republic of Tanzania
Vanuatu
Viet Nam
Yemen
Yugoslavia a/
Zaire
Zambia
Zimbabwe

B. States from List B of document UNIDO/GC.1/3

Australia
Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Malta
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America

C. States from List C of document UNIDO/GC.1/3

Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

D. States from List D of document UNIDO/GC.1/3

Albania
Armenia
Azerbaijan
Belarus
Bosnia and Herzegovina
Bulgaria
Croatia
Czech Republic
The former Yugoslav Republic of Macedonia
Hungary
Lithuania
Poland
Republic of Moldova
Romania
Russian Federation
Slovakia
Ukraine

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a/ Concerning Yugoslavia, see resolution GC/S.1/Res.1 adopted by the General Conference at its first special session.

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United Nations Industrial Development Organization

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Item 9 of the provisional agenda

INDUSTRIAL DEVELOPMENT AND COOPERATION ACTIVITIES

Industrial Development: Global Report 1995

Executive summary prepared by the Secretariat

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Introduction

1. In 1994, the world economy — particularly the developed world — showed signs of recovery from the recession that had plagued those countries since the start of the decade. Over the last 10 years, the world also witnessed an unprecedented series of changes in the global environment that are likely to have serious implications on the growth prospects of developed and developing countries alike. Whether, in the next century, the world economy will be able to parallel the growth performance of the past is an important question in the minds of economists and national planners.

2. The challenge faced by all developing countries and economies in transition in a changing global economic environment is how to sustain the growth impulse and to expand their share in world output. There is no lack of will on the part of their Governments to improve the social and economic status of their peoples, and industry continues to be seen to provide the most viable path towards the achievement of that goal, as evidenced by the increasing implementation of industrial reform programmes and policies in the countries concerned. Those Governments have also chosen to follow the example of newly industrializing countries (NICs) in adopting a more open-market, export-oriented approach to development. Current changes in the world economic environment, however, have placed the least developed countries before additional obstacles on the road to success. Such changes include the emergence of a more liberalized global trading system, growing numbers of regional integration arrangements, advances in industrial technology, increasing pressures on the ecosystem and the intensification of competition on world markets. Furthermore, developing countries remain highly dependent upon markets of the developed economies for their exports, and any slow-down in economic growth or adverse changes in trading policies in those countries could have a negative impact on the future growth prospects of developing countries.

3. The theme for the *Global Report 1995* is "sustaining the growth impulse in a changing global environment". Part one of the *Report* highlights and discusses some major issues relating to the changes that are occurring in the world today that will affect the status and prospects of world industry into the next century. It also includes discussions on the implications of those changes for the growth outlook of developing countries, and suggests policy responses. Part two gives a regional perspective of the status and prospects in the manufacturing sector, including discussion of some key industrial development issues in each region. As in previous years, the final part provides industry development indicators; this year 185 countries and territories are covered.

I. INDUSTRY IN A CHANGING WORLD: SUSTAINING THE GROWTH IMPULSE

4. For the first time in many years the world is in a growth mode, with an estimated average annual gross domestic product (GDP) growth rate of 3.1 per cent for 1994 and 2.9 per cent forecast for 1995. This impressive recovery was partly the result of a surge in manufacturing activities world-wide, reflected in a 4.4 per cent growth in manufacturing value added (MVA) for 1994 and 3.2 per cent forecast for 1995 (see table 1 and figures 1 and 2).

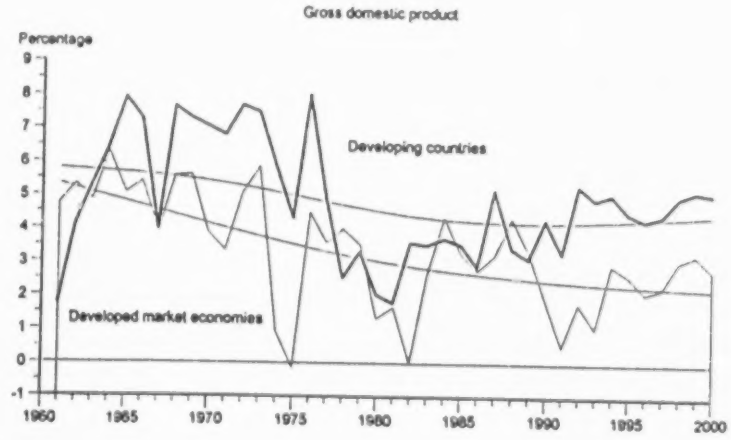
5. As in past years, developing countries as a whole have outpaced developed countries in both GDP and MVA growth. While the pace of growth within individual developing countries differs widely, growth has so far been sustainable, even in eastern Europe and the newly independent States of the former Union of Soviet Socialist Republics (USSR), where negative growth is expected to be less severe in 1995. On a sectoral basis, developing countries have been able to maintain their comparative advantage in the textiles and wearing apparel industries over the past 20 years. Their share of world MVA has been increasing, with no significant declines in average annual growth rates. The metal products industry has also performed well, implying a shift into more intermediate products (see table 2).

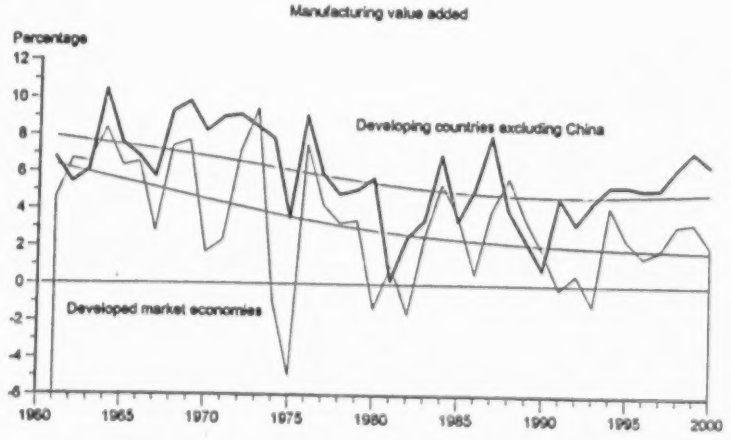
6. Over the years, improvements in technology and telecommunications in the industrialization process have resulted in what can be described as the "globalization" of markets for goods, services, technologies and financing, as well as of production locations. Industries throughout the world have experienced greater trade and cross-border capital flows, a growing international division of labour based on specialization and comparative advantage, the expansion of transnational networks and increasing joint ventures between enterprises in different countries. Globalization, which has accelerated in recent years, is bound to have a resounding impact on overall economic and social development well into the twenty-first century. Some of the major changes that have influenced, and will continue to influence, the shape of industry are summarized below.

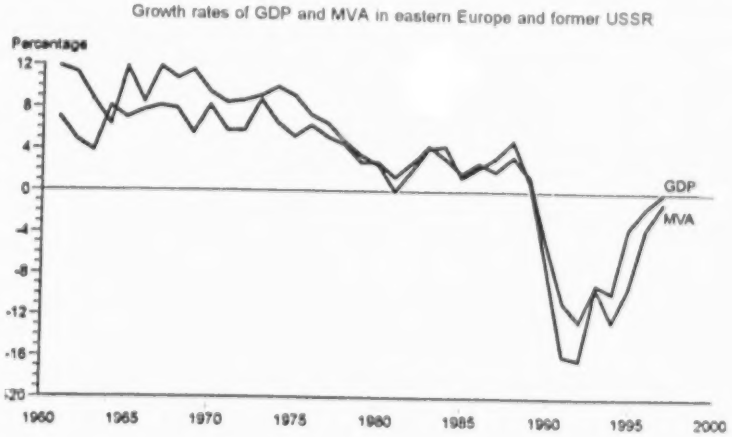
GATT and the gains from trade

7. One striking feature of the concluded Uruguay Round was the active role played by developing countries in establishing a common framework for global free trade. The key reason for this action was the realization that greater liberalization of world trade would improve foreign market access for their exports and spur their economic growth. Benefits to developing countries will come in the form of lower tariff rates, removal of non-tariff barriers, few subsidies, better investment practices

Figure 1. Growth rates of GDP and MVA in developed and developing regions, 1960-2000



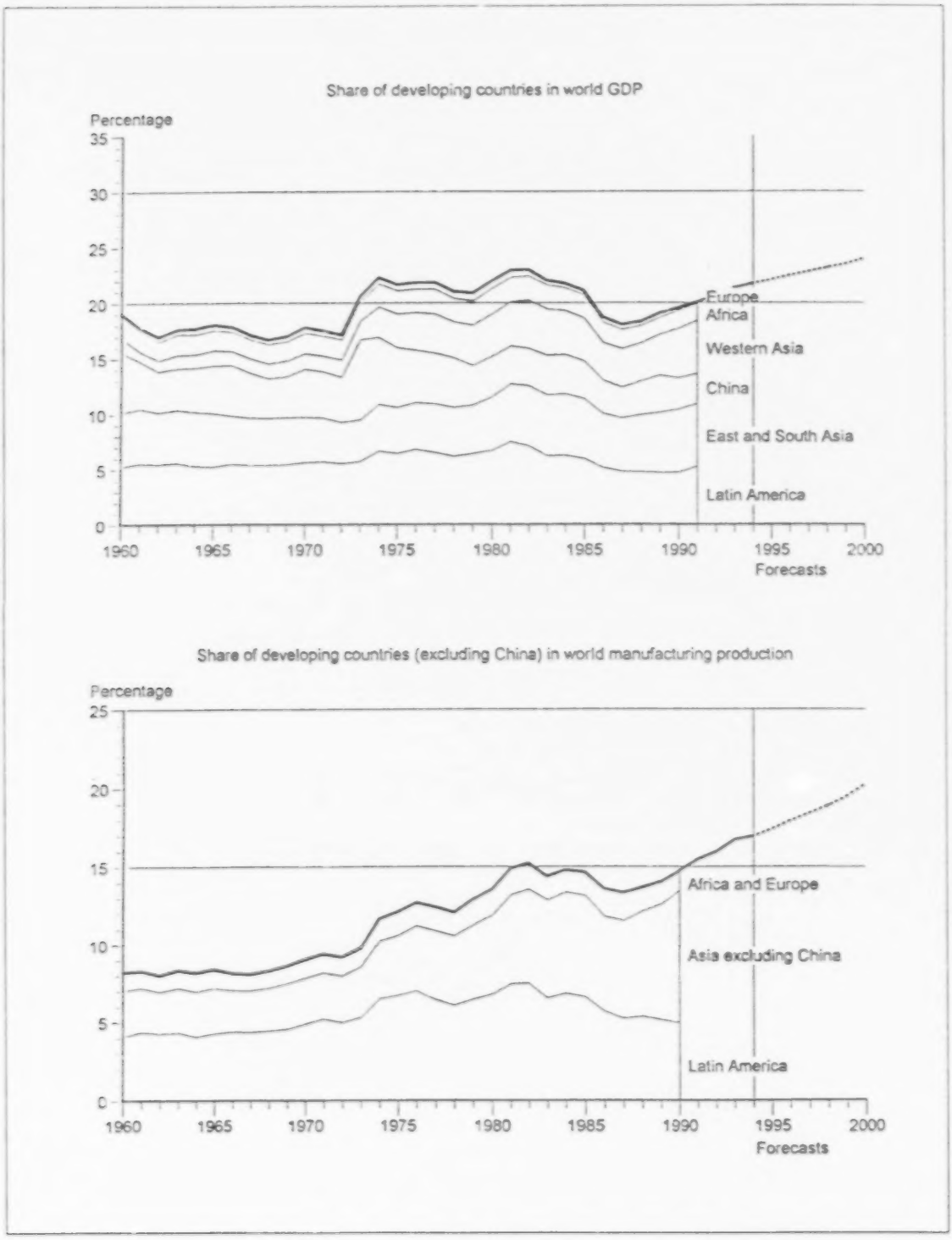




Source: United Nations National Account Statistics and UNIDO/IRD/RES.

Note: Growth rates are computed using GDP and MVA data expressed in national currencies at 1990 prices and aggregated in terms of 1990 United States dollar exchange rates. The dashed lines show the long-term historical trend.

Figure 2. Share of developing countries in world GDP and world manufacturing, 1960-2000



Source: United Nations National Accounts Statistics and UNIDO/IRD/RES.

Note: Regional GDP and MVA shares are computed using national currency figures, which are aggregated in terms of United States dollars at current prices and exchange rates. The single dashed lines show the historical and projected world share of all developing countries for GDP and of all developing countries except China for MVA. They are computed using national currency figures expressed in 1990 prices and aggregated in terms of 1990 United States dollar exchange rate.

Table 1. Regional and country estimates of GDP and MVA growth for 1993, 1994 and projections for 1995
(Percentage)

Region, country or territory	GDP growth rates			MVA growth rates		
	1993	1994	1995	1993	1994	1995
World	1.6	3.1	2.9	0.3	4.4	3.2
Developing countries (excluding China)	3.5	4.0	3.7	4.4	5.3	5.4
Developed market economies	1.0	2.9	2.6	-1.1	4.2	2.4
China	13.8	11.4	9.0	20.0	15.8	14.0
Eastern Europe and NIS (excluding former Yugoslavia)	-8.4	-8.8	-11.3	-9.2	-12.5	-9.2
North America	3.0	4.0	2.7	4.6	6.1	1.4
Bermuda	2.0	2.5	2.5	2.6	2.7	2.7
Canada	2.2	4.1	3.2	5.0	6.7	2.7
United States	3.1	4.0	2.7	4.5	6.0	1.3
Western Europe	-0.4	2.8	2.8	-3.3	4.6	2.9
Austria	-0.1	2.6	2.4	-2.8	2.4	0.8
Belgium	-1.7	2.2	1.7	-4.6	2.7	3.6
Denmark	1.5	5.4	3.1	-2.9	10.2	3.3
Finland	-1.6	3.7	5.5	5.3	11.4	7.0
France	-0.9	2.1	3.0	-4.5	3.2	2.6
Germany, eastern part	5.8	9.0	9.2	6.9	10.5	10.7
Germany, western part	-1.7	2.5	2.4	-7.7	3.7	2.3
Greece	-0.5	0.9	1.3	-3.2	3.5	-
Iceland	0.8	2.0	2.5	-2.3	-0.4	0.4
Ireland	4.0	5.2	4.5	5.4	10.4	5.9
Israel	3.0	7.9	4.1	6.9	7.9	4.4
Italy	-0.7	2.2	2.8	-3.0	2.3	3.5
Luxembourg	0.3	3.3	3.0	-3.0	6.5	2.9
Malta	5.0	4.0	6.0	4.9	3.4	6.6
Netherlands	0.3	2.3	2.1	-2.5	3.8	1.5
Norway	2.3	5.5	2.7	2.0	6.7	2.3
Portugal	-1.0	0.8	1.0	-1.9	-0.5	-0.3
Spain	-1.1	1.9	2.6	-4.9	8.2	2.4
Sweden	-1.8	2.1	2.2	2.5	11.1	2.8
Switzerland	-0.8	2.0	2.2	-0.6	8.0	3.2
United Kingdom	2.1	3.9	2.8	1.3	4.2	1.6
Eastern Europe and NIS (including former Yugoslavia)	-8.6	-9.3	-3.3	-8.7	-11.6	-8.5
Albania	-9.0	-5.0	-3.0	-12.5	-6.5	-4.2
Bulgaria	-4.7	-1.5	-2.0	-11.7	4.0	-6.0
Former Czechoslovakia	-2.0	2.0	3.0	-2.8	2.1	3.3
Hungary	-3.3	3.0	1.5	3.8	8.6	3.1
Poland	4.0	5.0	5.0	8.3	6.6	6.6
Romania	1.2	-	-1.0	-0.1	-1.5	-2.9
NIS	-13.0	-16.0	-7.0	-15.0	-23.0	-19.5
Former Yugoslavia	-3.5	-3.0	-2.0	-2.2	-1.8	-1.0
Japan	0.1	0.8	1.8	-4.5	0.8	2.9
Other developed countries	3.3	4.5	3.1	4.5	6.0	2.8
Australia	3.7	5.2	3.4	6.5	8.5	3.1
New Zealand	5.2	4.3	3.3	6.0	4.4	2.8
South Africa	1.1	2.3	2.2	-	1.6	2.2

Table 1. (continued)

Region, country or territory	GDP growth rates			MVA growth rates		
	1993	1994	1995	1993	1994	1995
Latin America and the Caribbean	3.4	4.3	2.1	2.7	4.8	2.4
Argentina	6.0	6.5	3.5	6.7	7.9	3.9
Bahamas	2.0	2.0	4.6			
Barbados	1.5	2.4	4.5	-3.7	5.6	3.0
Belize	4.2	3.5	4.3	-1.3	2.7	2.7
Bolivia	4.0	4.2	4.0	4.9	5.2	4.9
Brazil	5.0	5.3	3.5	3.9	3.9	4.0
Chile	6.0	4.4	5.7	3.6	2.4	5.5
Colombia	5.3	5.0	4.8	1.9	5.2	4.9
Costa Rica	6.4	4.5	4.1	6.5	5.2	4.8
Cuba	-17.0	-	2.0	-7.0	-7.9	1.4
Dominican Republic	3.0	3.0	4.8	1.7	1.8	5.2
Ecuador	2.0	2.5	2.5	2.3	1.9	1.3
El Salvador	5.1	6.0	4.9	7.6	7.4	6.0
French Guiana	-0.1	0.6	0.8	2.0	2.1	2.0
Guadeloupe	4.6	3.3	3.6	3.9	2.8	3.1
Guatemala	3.9	4.0	3.2	2.9	3.5	2.7
Guyana	8.2	7.7	4.5	2.9	12.7	9.6
Haiti*	-4.0	-5.0	-	-12.0	-10.4	-2.1
Honduras	6.1	-1.0	0.8	3.7	3.7	3.4
Jamaica	0.7	2.2	2.1	0.2	1.8	1.6
Martinique	5.5	8.0	5.0	5.8	12.4	4.5
Mexico	0.4	3.1	-2.5	-0.9	4.1	-2.6
Montserrat	12.5	9.9	4.5	12.7	10.4	5.6
Netherlands Antilles and Aruba	1.2	-2.7	5.2	0.4	-4.6	5.5
Nicaragua	-0.9	1.8	0.7	-1.5	5.0	0.8
Panama	5.4	4.5	1.8	9.8	4.5	1.2
Paraguay	3.7	4.0	5.1	3.2	3.5	4.7
Peru	6.4	10.0	4.1	6.7	17.0	5.9
Puerto Rico	3.2	4.0	4.3	4.0	5.1	4.9
Suriname	-	-3.0	0.6	1.5	0.5	-3.3
Trinidad and Tobago	-2.4	2.5	2.7	0.7	1.5	2.1
Uruguay	1.5	1.4	2.0	-8.7	-0.4	0.3
Venezuela	-0.4	-3.3	0.3	-1.4	-2.9	0.9
Tropical Africa (sub-Sahara)	1.2	1.8	1.9	-1.1	2.9	3.8
Benin*	3.3	4.9	4.5	2.6	3.3	3.1
Botswana*	3.0	6.8	7.3	5.0	11.0	18.8
Burkina Faso*	0.4	2.5	2.1	1.0	1.7	2.3
Burundi*	-1.2	5.6	2.5	-3.1	9.6	6.7
Cameroon	-4.9	-3.4	-2.2	-5.4	-3.7	-1.9
Cape Verde*	4.0	3.8	3.3	6.4	6.5	6.5
Central African Republic*	-2.5	3.4	2.4	0.4	3.1	2.7
Chad*	-2.9	3.9	2.7	-3.0	3.9	2.7
Congo	-2.1	1.3	6.1	-2.8	-3.1	-0.7
Côte d'Ivoire	-1.1	2.5	-0.8	0.3	2.5	-1.1
Djibouti*	2.2	3.3	2.0	2.4	2.8	2.4
Equatorial Guinea*	7.3	3.6	5.6	10.0	-	5.5
Ethiopia and Eritrea*	7.7	1.5	2.0	21.9	3.6	4.1
Gabon	2.5	6.5	3.3	1.1	11.9	5.3
Gambia*	1.5	5.1	5.3	2.8	4.9	5.0
Ghana	4.8	7.0	6.6	2.3	9.6	9.6
Guinea*	4.5	4.1	4.6	5.0	6.0	6.5
Guinea-Bissau*	3.0	3.1	2.5	-1.4	-1.4	-1.4

Table 1. (continued)

Region, country or territory	GDP growth rates (percentage)			MVA growth rates (percentage)		
	1993	1994	1995	1993	1994	1995
Kenya	-0.2	2.0	3.0	1.8	4.0	4.9
Lesotho*	6.2	4.9	2.4	5.0	9.8	9.7
Liberia*	-	-	-1.5	2.0	0.8	-1.6
Madagascar*	2.1	-3.1	-0.1	3.1	-2.3	-0.5
Malawi*	10.8	3.9	5.8	-1.0	11.1	7.3
Mali*	7.7	1.4	1.4	6.5	9.2	7.5
Mauritius	5.4	7.5	5.1	10.0	9.4	7.4
Mozambique*	18.6	5.5	10.9	21.7	27.3	22.4
Namibia	-2.2	2.3	-2.9	-2.8	2.1	-2.6
Niger*	1.4	0.6	1.3	3.7	3.8	3.7
Nigeria	2.3	-	-0.9	-10.2	-6.0	-1.0
Reunion	3.9	5.2	4.3	3.9	4.4	4.0
Rwanda*	3.2	-10.0	1.6	-	-15.0	1.8
Sao Tome and Principe*	12.2	2.2	1.1	11.5	2.2	1.2
Senegal	-2.0	3.3	3.1	-1.4	4.4	3.8
Seychelles	3.9	5.7	6.8	12.4	9.9	10.5
Sierra Leone*	-2.4	-0.8	2.0	8.2	6.6	3.5
Somalia*	2.0	3.1	2.5	-5.0	5.0	5.2
Swaziland	2.0	4.9	6.6	6.1	7.0	7.6
Togo*	-12.7	-3.4	4.8	-40.8	-21.8	-0.6
Uganda*	6.4	2.8	2.0	3.7	3.9	3.4
United Republic of Tanzania*	4.8	4.5	4.5	7.4	5.3	6.1
Zaire*	-8.2	-2.1	-1.2	-11.5	-4.2	-3.2
Zambia*	6.8	0.2	1.8	5.8	3.4	3.9
Zimbabwe	2.0	5.6	5.1	-8.9	6.6	6.0
North Africa	0.2	2.1	1.8	-0.4	2.9	2.7
Algeria	-2.2	-1.6	1.1	-2.9	0.5	-4.2
Egypt	2.9	3.8	4.6	-3.1	1.9	3.9
Libya Arab Jamahuriya	-0.2	3.5	-0.4	9.6	9.7	9.6
Mauritania*	5.0	1.7	2.1	6.2	6.5	6.4
Morocco	-0.2	5.6	3.7	-2.0	1.5	4.2
Sudan*	1.7	1.9	-1.4	1.5	1.6	-0.6
Tunisia	2.1	4.4	4.0	3.0	6.9	6.3
Western Asia	2.1	1.3	2.2	6.2	2.1	3.8
Bahrain	6.1	5.6	2.6	4.7	4.4	2.6
Cyprus	5.6	3.1	4.9	6.6	4.4	4.1
Iran (Islamic Republic of)	1.8	3.4	2.4	5.0	4.5	3.5
Iraq	-26.1	-23.0	3.0	-17.8	-24.2	-2.3
Jordon	5.7	4.7	2.9	1.7	2.1	1.3
Kuwait	21.5	8.0	10.0	33.7	12.0	12.0
Oman	4.0	-1.0	3.7	5.0	1.5	4.0
Qatar	5.0	4.5	2.8	8.6	5.1	3.6
Saudi Arabia	1.0	0.6	-0.2	4.5	2.8	5.1
Syrian Arab Republic	0.2	4.8	3.2	1.4	6.3	4.6
Turkey	7.6	-5.0	1.7	9.3	-3.7	3.1
United Arab Emirates	1.0	-1.0	-0.4	1.5	5.2	5.0
Yemen, Northern Part*	4.1	11.2	7.1	2.6	8.8	10.4
Yemen, Southern Part*	3.0	5.4	3.1	2.8	3.7	2.8
Indian Subcontinent	3.4	3.8	5.0	4.5	6.4	5.4
Afghanistan*	2.0	3.0	0.5	6.0	4.0	2.7
Bangladesh*	4.5	4.6	3.5	8.0	5.4	4.4
Bhutan*	6.7	4.9	6.9	8.0	10.7	11.0

Table 1. (continued)

Region, country or territory	GDP growth rates			MVA growth rates		
	1993	1994	1995	1993	1994	1995
India	3.1	4.0	5.0	4.0	6.7	5.2
Myanmar*	6.0	0.8	6.2	6.3	-	6.6
Nepal*	2.9	7.8	3.9	4.7	8.7	5.5
Pakistan	2.6	4.0	5.0	5.6	6.2	6.8
Sri Lanka	6.9	3.3	3.6	9.0	7.2	4.4
East and South-East Asia, Oceania	6.2	7.2	7.1	6.4	8.1	9.5
Brunei Darussalam	2.9	5.6	1.0	1.7	5.0	-0.4
Fiji	1.7	-1.3	0.7	5.0	11.1	-1.4
French Polynesia	5.7	5.4	4.6	5.8	5.4	4.5
Hong Kong	5.4	5.4	5.7	2.6	3.7	2.5
Indonesia	6.5	6.5	5.3	9.4	8.4	10.5
Macao	5.8	5.3	4.1	..	..	..
Malaysia	8.3	8.5	6.5	13.0	11.1	9.5
New Caledonia	1.7	3.7	5.8	0.1	1.8	3.5
Papua New Guinea	15.4	9.3	2.8	9.3	14.3	7.7
Philippines	2.0	4.4	4.9	0.7	4.4	5.0
Republic of Korea	5.6	7.9	8.0	4.2	9.7	11.4
Samoa*	3.0	1.1	1.2	1.6	0.8	0.8
Singapore	9.9	10.2	9.0	10.2	13.1	10.8
Taiwan Province of China	6.2	6.3	7.4	5.0	4.7	7.3
Thailand	7.8	8.4	8.2	11.5	9.8	11.3
Tonga	3.6	4.9	4.6	3.7	7.3	4.7
Tuvalu*	..	..	..	..	..	..
Vanuatu*	1.8	4.5	4.5	9.3	12.9	10.6
Centrally planned Asia	12.6	10.6	8.2	19.9	15.8	14.0
China	13.8	11.4	9.0	20.0	15.8	14.0
Democratic People's Republic of Korea	-2.4	-5.0	-6.0	..	..	..
Lao People's Democratic Republic*	5.9	4.4	4.2	8.1	8.5	4.2
Mongolia	-1.4	-6.0	3.0	-5.0	-	-2.1
Viet Nam	8.1	8.0	5.1	..	..	..

* Least developed country.

Note: Calculations are based on 1990 United States dollars.

Table 2. Share of MVA of developing countries in world total in 1975 and 1990, projected share for 1995 and growth rates for 1975-1995
(Percentage)

ISIC	industry	Share of developing countries in world total (excluding China)[b]			Average annual growth rates			
					Developed market economies		Developing market economies	
		1975[b]	1990	1995	1975-1985	1985-1995	1975-1985	1985-1995
3	Manufacturing	12.1	14.7	17.4	2.1	1.5	4.6	3.6
311	Food	15.3	17.2	18.3	1.6	2.3	3.0	2.2
313	Beverages	21.1	25.8	27.3	0.8	1.7	3.0	2.9
314	Tobacco manufactures	33.7	29.5	30.2	1.8	3.8	3.8	2.1
321	Textiles	19.6	30.4	36.4	-0.4	-0.7	2.8	2.6
322	Wearing apparel	12.8	25.3	29.2	-0.5	0.1	4.9	4.1
323	Leather and fur products	19.3	30.5	34.0	-1.3	-0.7	3.6	1.2
324	Footwear, excluding rubber or plastic	19.9	31.9	43.8	-0.7	-2.3	4.7	3.2
331	Wood and cork products	13.0	12.6	13.1	-0.1	1.4	1.3	1.4
332	Furniture and fixtures	10.2	10.5	13.6	0.9	1.9	2.7	5.0
341	Paper and paper products	9.9	11.1	13.5	1.6	1.6	4.7	3.7
342	Printing and publishing	9.0	6.7	7.6	3.7	2.4	2.2	4.3
351	Industrial chemicals	9.3	13.3	16.7	1.7	1.4	6.9	3.3
352	Other chemical products	17.5	16.7	17.5	3.7	3.5	6.4	2.6
353	Petroleum refineries	22.7	33.2	36.7	1.0	0.8	6.2	1.6
354	Miscellaneous petroleum and coal products	11.0	22.7	24.0	0.2	0.5	9.3	-0.2
355	Rubber products	13.5	20.4	21.5	1.1	0.8	5.7	2.3
356	Plastic products n.e.c.	13.7	13.3	12.8	5.6	4.4	7.2	3.8
361	Pottery, china and earthenware	16.5	20.9	25.7	-0.5	0.7	5.4	2.5
362	Glass and glass products	10.9	13.8	17.8	1.5	1.2	3.5	4.8
369	Other non-metallic mineral products	14.7	20.9	26.2	0.6	1.1	3.3	4.4
371	Iron and steel	10.3	20.7	28.3	-1.8	-1.0	5.9	4.7
372	Non-ferrous metals	10.0	17.9	20.8	1.1	0.7	6.6	4.1
381	Metal products, excluding machinery	10.1	10.8	15.0	1.2	1.3	3.7	5.1
382	Non-electrical machinery	5.8	6.8	9.6	2.8	0.8	4.6	4.9
383	Electrical machinery	8.5	11.9	14.1	5.0	1.0	6.5	5.9
384	Transport equipment	7.3	9.7	12.6	3.0	1.4	5.2	5.9
385	Professional and scientific goods	4.0	5.4	6.2	3.2	4.6	7.9	6.0
390	Other manufactures	10.4	16.0	18.4	0.9	2.3	5.1	2.1

Source: UNIDO database.

Notes: MVA growth rates are based on deflated national currencies converted to 1990 United States dollars. Growth rates are derived from 120 sample countries - 25 developed and 95 developing (industrial statistics consolidated by UNIDO).

ISIC = International Standard Industrial Classification of all Economic Activities (Revision 2).

[b] This share calculation is based on 1975 prices and exchange rates, other years are in 1990 United States dollars. China and other Asian centrally planned economies are not included in the sample (their share in the world total is estimated to have amounted to 2.8 per cent in 1990 for total manufacturing).

and stronger protection for intellectual property rights. Another reason for their involvement in the Uruguay Round was their perceived expectation that it would provide some form of "insurance policy" against future barriers to major export markets.

8. The newly formed World Trade Organization (WTO), successor to the General Agreement on Tariffs and Trade (GATT), is expected to provide a unified system to settle disputes under the various multilateral trade agreements. Developing countries can now use WTO as a forum to direct their trade complaints against the more powerful trading nations. In case of a favourable ruling by WTO, a developing country would not need to forgo its rights simply because of an imbalance in economic power. Furthermore, the new trade policy review mechanism of WTO is designed to examine the trade policies and practices of member countries and to assess their impact on the multilateral trading system.

9. For developing countries, the gradual liberalization of the textiles and wearing apparel industries will offer significant opportunities, although the distribution of their benefits are likely to remain skewed in the short run, favouring the major exporting countries. The beginnings of liberalization in agriculture are also looked upon favourably with regard to efficiency and equity. The inclusion of trade-related intellectual property rights within the current GATT framework appears for the foreseeable future to favour primarily more developed countries. In the case of trade-related investment measures, gains and losses are harder to compute, but the seriousness of the restrictions on national policy options is likely to be less severe than feared, given the overall climate of market liberalization.

10. Over time, WTO will bring both static and dynamic gains to developing countries. A GATT study on static gains from trade suggests that when the Uruguay Round is fully implemented, global trade will increase by an additional $750 billion (in 1992 dollars), or by about 12 per cent over the level that would have otherwise existed in the year 2005. Static export gains to developing countries would total about $200 billion for the same time period. Another GATT study that incorporates static and dynamic gains in its estimates of trade and income effects came up with additional dynamic export gains of about $360 billion for developing countries. A total of $116 billion of static and dynamic income gains for developing countries has also been estimated by GATT.

Regional integration: implications for developing countries

11. Despite increasing efforts to liberalize the global trading system, the world is seeing the emergence of three major trading blocs centred around Europe, North America and the Asia and Pacific region. An increasing number of regional arrangements have been concluded in recent years, with 33 agreements notified to GATT between 1990 and 1994. One reason cited for the revival of regionalism has been the difficulties encountered during the Uruguay Round negotiations, and new regional integration initiatives were contemplated as an "insurance policy" in the event of failure of the trade talks. However, it is the protectionist stance of the agreements, more than their increasing number, that has raised suspicions and fears of a possible breakdown in the existing trading system. The issues raised by the interaction between regional integration agreements and the world trading system are unlikely to disappear from the international policy agenda in the foreseeable future.

12. The relationship between the GATT system and regional trade areas is centred on article XXIV of GATT (on regional integration). However, the broad nature of the conditions has meant that not one regional agreement has been found inconsistent with GATT since 1947. It should be noted that consistency with the global trading system hinges on the openness of a regional integration scheme *vis-à-vis* non-members.

13. Regional integration is likely to have a range of different effects for developing countries, whether they are members or non-members of the group concerned. Within the group, positive effects are likely to dominate. Integration is expected to provide economies of scale and larger scope for specialization, resulting in efficient allocation of regional resources and increased market competitiveness, thus stimulating investment within the group by regional investors. On the other hand, one of the main negative effects of regional integration is the risk of trade diversion from non-member countries. However, the benefits derived from regional integration will increase aggregate real incomes in the area, and non-member countries will profit from the real income effects due to increased demand for imports of goods and services into the group. In the medium term, the trade prospects of non-member countries with respect to a regional market will depend on whether the external trade policies of the members become more restrictive or less so after its establishment.

14. Developing countries seeking to reduce or eliminate the effects of trade discrimination on their exports resulting from regional integration schemes have the following three principal options: attempting to join the regional integration agreement; joining other non-member countries in creating a new regional integration agreement; or joining in efforts to promote multilateral reductions in trade barriers to reduce the margin of discrimination they face in the regional market. In addition, article XXIV of GATT needs to be tightened further to safeguard and improve the conditions for

treatment of non-member countries. Moreover, the monitoring and review mechanism of WTO needs to be strengthened to focus on the discriminatory elimination of rights rather than on the preferential creation of rights under a regional arrangement.

New concept of industrial competitiveness

15. Every country, however poorly endowed or managed, will possess comparative advantage in some economic activity relative to other countries around the world. Nevertheless, whether a particular industrial sector is seen as competitive depends on a multitude of factors, including wage levels, natural resource base, level of scientific and technological development, government policy on trade and investment, infrastructure and human capital development.

16. Almost all developing countries have adopted or are moving to adopt an export-oriented strategy to spearhead economic growth. But success on the export market depends on a complex mixture of price and non-price factors. While competitiveness in pricing is still a necessary condition, it is, unfortunately, not sufficient to achieve that success. Developing countries find that they must now compete in a world where high technology has become an important criterion for industrial competitiveness. Capitalizing on an abundant supply of cheap, unskilled labour to keep manufacturing costs low and maintain international competitiveness is no longer a key success factor. Advances in automation and other technology in production has raised labour productivity levels so that, despite relatively high wage rates, a firm can still remain price competitive. Furthermore, criteria other than price have come into play, such as quality and product innovation.

17. Technology has been described as one of the most decisive factors for industrial competitiveness in the 1990s. The benefits from new techniques of production come from increased productivity and flexibility, reduced wastage and product defects, improved product performance, optimal inventory levels and economies in management. In short, the use of technology will influence the ability of industry to modernize and compete in world markets. To master this new technology, a country would need to increase indigenous research and development efforts and develop its human capital resources.

18. The key role of the market in ensuring an efficient allocation of resources is generally recognized and an increasing number of policy makers agree that government policies should be confined to the creation of an enabling environment and the correction of market failures. In the case of developing countries this would specifically relate to the creation of the physical and institutional infrastructure required for dynamic industrial development. It would also need to address the protection of the environment and the sustainable use of natural resources.

Industrialization and poverty alleviation

19. The pervasive problems of poverty and its eradication, particularly in developing countries, have been the focus of international aid agencies and policy makers around the world. Evidence has shown that one avenue for poverty alleviation is trade, with trade-induced effects including greater employment generation for all sectors of the economy, particularly industry, rising income levels and improved standards of living. However, only a handful of developing countries are currently able to reap the benefits from trade in manufactured goods. The rest, some 100 developing countries, are largely small, open economies with a major share of their total exports in primary commodities, making them vulnerable to external shocks.

20. The World Summit for Social Development, held at Copenhagen, Denmark, from 6 to 12 March 1995, highlighted the fact that the fundamental solution to poverty is through the creation of productive employment. That solution is preferable to income redistribution as a policy instrument for alleviating poverty and reducing inequality. The contribution of industry to employment generation stems not only from its direct employment effect, but more importantly from its indirect employment effect through its extensive linkages with other sectors of the economy, particularly agriculture and services.

21. During the early stages of industrial development, agricultural growth stimulates domestic demand for industrial products, and industry contributes to the alleviation of rural poverty through the creation of rural small-scale enterprises, mainly household and cottage industries and micro-enterprises. These rural small-scale enterprises are labour-intensive and relatively unskilled, provide opportunities for developing entrepreneurial skills and, in addition, foster non-farm, income-generating activities for a large group of the poor. However, the viability of rural industries is affected by a number of constraints, including a lack of adequate links to urban markets, inadequacy of production and non-production factors such as repair and maintenance facilities, alternative sources of raw materials, easy access to credit and finance and other specialized services. Hence, the issues facing rural industries are very much related to the linkages between agriculture and industry and between the rural and urban markets.

22. In urban areas, the informal sector plays a major role in poverty alleviation. Total employment in the informal sector in developing countries is estimated to be around 300 million, contributing somewhere between

5 and 35 per cent of GDP. One approach to facilitating the development of the informal sector is the promotion of micro-enterprises, which are increasingly being viewed as a potential engine of growth and source of employment generation. However, the survival rate of micro-enterprises has been found to be very low — often less than two years. The fundamental problem here is demand-side constraints resulting from the perceived poor quality of the goods produced. Hence, one feasible two-pronged approach to the problem would be to assist micro-enterprises in improving the quality of their products and, at the same time, upgrading the skills of the poor in order to absorb them into the formal sector.

23. Policies to upgrade the skills of the poor through industrial training and education are extremely important. Macroeconomic and sectoral policies should also be structured to promote labour-intensive industrial development to maximize the employment of the poor. Consideration should be given to the identification, formulation and implementation of policy measures aimed at developing and strengthening intersectoral production linkages that would, in turn, provide income-earning and employment opportunities for the poor. Proactive industrial and trade policies should be formulated with a view to encouraging the active participation of small-scale enterprises and micro-enterprises in the export market. Finally, rural-urban production and marketing linkages should receive closer attention as effective vehicles for simultaneously attacking the poverty problem in rural and urban areas, and for stemming the tide of uncontrollable rural-to-urban migration observed in many developing countries today.

Environmental concerns and sustainable industrial development

24. Manufacturing activities in developing countries are generally resource-based, and increasing levels of industrialization will support the global demand for primary commodities and raw materials. The greatest impact on industry in the future will, however, be caused by the increasing consumption of depletable energy resources. As developing countries grow and their populations increase, their demand for energy will expand concurrently. Another demand factor is that many basic industries adopted by developing countries in the initial stages of industrial development, such as iron and steel, petrochemicals and paper and pulp, tend to be energy-intensive.

25. Currently, carbon-based fuels supply close to 90 per cent of the world's energy needs. Any pressure to increase the use of non-polluting alternatives would cause havoc to the world economy, especially for those developing countries that depend on energy- and pollution-intensive industries. Although necessary, the introduction and implementation of regulatory measures for environmental protection are likely to impose an additional cost to their industrialization process in the short term. To add to their dilemma, the development of clean technologies is very much in the hands of developed countries, and the acquisition of those technologies does not seem to be easy for many developing countries because of lack of information and/or financial resources. Negotiations on emission targets are deadlocked, with developing countries feeling unable to employ means to reduce emissions unless developed countries are willing to pay the cost and provide them with non-polluting technologies.

26. It is clear that urgent commitment and action by Governments are necessary to reduce the current amount of greenhouse emissions. Possible steps to be taken are: ending government subsidies for industries with heavy energy consumption to encourage greater efficiency in energy usage; more efficient transport planning to reduce traffic congestion and pollution; and supporting research on the science of climate change and ways to reduce the costs of non-polluting fuels.

UNIDO's role in a changing global context

27. In its resolution 49/108 of 19 December 1994, the General Assembly of the United Nations reaffirmed the central coordinating role played by UNIDO in the United Nations system in the field of the industrial development of developing countries. The importance of industrialization as a dynamic instrument of growth, essential to the rapid economic and social development of developing countries was stressed.

28. In response to the needs of developing countries in these challenging times, UNIDO has identified the following five development objectives for its programmes:

(a) The first objective, industrial and technological growth and competitiveness, covers, *inter alia*, the following areas: creation of an enabling policy environment and enhancing productivity and competitiveness; industrial enterprise restructuring; supportive quality control, standardization and methodologies; enhancing technological capabilities; services to support agro-based industry, chemical industries, engineering and metallurgical industry; and information services for industry;

(b) The second objective, development of human resources for industry, focuses on the provision of advisory services relating to human resource development policies for industry; strengthening institutional capabilities for creating the skills required for industrial development; and enhancing the role of women in industrial development;

(c) The third objective, equitable development through industrial development, addresses the need for assistance in the promotion and strengthening of small- and medium-scale enterprises and entrepreneurship development, and in the development of rural industries;

(d) The fourth objective, environmentally sustainable industrial development, consists in integrating environmental considerations into industrial strategies and programmes, providing advice on cleaner production techniques and technologies, and enhancing energy-efficiency and conservation;

(e) The fifth objective, international cooperation in industrial investment and technology, covers services relating to investment and technology promotion and cooperation, including the use of the UNIDO network of Investment Promotion Service offices. A particular dimension of these services concerns economic and technical cooperation among developing countries.

29. The comparative advantage of UNIDO lies in the depth of the industrial know-how at its disposal, the broad scope of its services for the promotion of industrial cooperation, and the wealth of its information on, and experience in, key aspects of industrial development. UNIDO combines these assets at three main levels of intervention, namely policy, institutions and enterprises, acting as a focal point for industrial technology, an honest broker for industrial cooperation, a centre of excellence in the field of industrial development and a global source of industrial information.

II. TRENDS AND PROSPECTS IN THE MANUFACTURING SECTOR: REGIONAL PROFILES

30. In 1994, the world witnessed a widespread economic recovery. The growth rate of GDP increased to an estimated 3.1 per cent, a rate more than double that of the period from 1990 to 1993. The performance of the manufacturing sector was one of the best in many years. Improvements in labour productivity were significant. From an average annual rate of 0.4 per cent from 1990 to 1993, MVA grew to an estimated rate of 4.4 per cent in 1994 (see table 3). The fastest-growing industries were professional and scientific goods (7.1 per cent) and plastic products (6.4 per cent). However, it is the machinery (electronic and non-electronic), transport equipment and chemicals branches that dominate world manufacturing. In 1994, these industries together accounted for 41.9 per cent of the world total, showing growth rates in the range of 3 to 5 per cent (see table 4).

31. Significant changes have occurred in the regional shares of world MVA since the 1970s. By far, the biggest changes are the sharp decline of eastern Europe and the former USSR and the remarkable performance of Japan and East and South-East Asia. During the same period, North America and western Europe continued to maintain their world shares. Thus, in 1994, North America and western Europe accounted for 58.1 per cent of total world MVA, while Japan, China and East and South-East Asia together accounted for 27.3 per cent (see table 4).

Developed market economies

32. Global developments in the manufacturing sector closely mirror the evolution of the industrial sector in the markets of developed countries. As the economies of developed countries recovered, industrial activity accelerated markedly in 1994. In the United States of America, manufacturing growth was vigorous and broadly based, with general-purpose machinery and information-processing equipment being among the fast-growing industries. Also, in the economies of Japan and western Europe — the last to rejoin the path of positive growth — recovery appeared most evident in the industrial sector. In both regions, electrical machinery and transport equipment performed relatively well.

33. In the developed market economies of Japan, North America and western Europe, currency issues are dictating domestic and foreign investment policies and affecting international trade competitiveness. Increasing trade liberalization between western and eastern Europe will also have its impact on the shape of industry in the latter region.

Economies in transition

34. After years of industrial decline, considerable progress has been made in most countries of eastern Europe, with manufacturing activity now playing an important role in the production upturn of most of the economies of the region. Although generalizations about recent changes in the structure of production are somewhat difficult to formulate, it seems that traditional heavy industries are losing ground, while natural-resource-based industries, such as wood products, building materials, metals, foodstuffs and selected consumer goods industries, are expanding. By contrast, most of the economies of the former USSR are still in deep recession. The industrial decline has swept across all branches of industry, particularly in transport equipment, machinery and industrial chemicals.

35. The economies in transition of eastern Europe and the former USSR are beginning to feel the effects of policy reforms on industrial production, enterprise restructuring and employment, in their shift from a controlled economy to a more open market economy. The long-term impact of those reforms has yet to be determined, be it positive or negative.

Table 3. World: selected indicators, 1970-1995
(Percentage)

Economic indicators	1970-1980	1980-1990	1990-1993	1994 [a]	1995 [b]
GDP growth rate	3.6	2.8	1.5	3.1	2.9
MVA growth rate	3.7	2.8	0.4	4.4	3.2
MVA share of GDP	22.4	22.4	22.1	22.0	22.0
Labour productivity growth rate	1.6	1.5	0.4	2.6	0.7

[a] Estimated.
[b] Projected.

Table 4. World growth rates and shares of MVA in individual regions and in 28 industries, 1970-1995
(Percentage)

Country and ISIC sector		Average annual growth rates			Annual growth rates		Share in total MVA
		1970-1980	1980-1990	1990-1993	1994[a]	1995[b]	1994[a]
A. Regional breakdown							
North America		2.3	2.5	1.8	6.1	1.4	24.9
Western Europe		2.6	1.5	-1.7	4.6	2.9	33.2
Japan		5.2	5.8	-0.3	0.8	2.9	16.9
Eastern Europe and NIS		6.9	1.4	-13.4	-11.6	-8.5	2.9
Latin America and the Caribbean		6.2	-0.1	2.4	4.8	2.4	5.2
Tropical Africa		2.1	2.6	0.2	2.9	3.8	0.3
North Africa		6.1	5.6	1.1	2.9	2.7	0.5
Western Asia		8.8	5.1	7.0	2.1	3.8	2.9
Indian Subcontinent		4.3	6.9	2.4	6.4	5.4	1.4
China		10.2	8.7	16.4	15.8	14.0	4.8
East and South-East Asia		11.4	8.5	6.3	8.1	9.5	5.6
B. Industry breakdown							
311	Food	3.2	1.9	1.7	4.2	2.1	10.0
313	Beverages	2.1	1.2	1.4	3.5	2.5	2.3
314	Tobacco manufactures	1.4	3.9	2.8	4.0	3.3	1.7
321	Textiles	1.2	--	-1.9	1.6	0.9	3.8
322	Wearing apparel	2.3	-0.2	-0.4	3.1	2.5	2.1
323	Leather and fur products	1.6	0.1	-2.1	2.4	2.5	0.3
324	Footwear, excluding rubber or plastic	1.9	-1.8	0.4	1.9	1.8	0.5
331	Wood and cork products	2.7	-0.4	-1.4	3.9	0.2	1.6
332	Furniture and fixtures	3.9	0.7	-0.1	3.8	1.9	1.4
341	Paper and paper products	2.7	2.3	-1.8	4.4	2.7	3.1
342	Printing and publishing	3.2	3.6	-0.6	4.6	2.5	5.0
351	Industrial chemicals	2.5	2.9	-2.2	4.9	2.9	5.2
352	Other chemical products	2.4	4.3	1.9	4.7	3.4	5.7
353	Petroleum refineries	6.3	-1.2	0.2	3.8	2.4	2.7
354	Miscellaneous petroleum and coal products	5.2	-0.2	-1.8	2.1	0.7	0.3
355	Rubber products	1.9	1.6	-1.4	3.3	2.0	1.3
356	Plastic products n.e.c.	6.2	5.2	1.6	6.4	4.6	3.0
361	Pottery, china and earthenware	3.7	0.4	-0.6	3.5	2.7	0.4
362	Glass and glass products	2.5	1.4	-0.7	3.0	1.6	0.9
369	Other non-metallic mineral products	3.3	0.8	-0.7	3.2	1.8	2.8
371	Iron and steel	1.9	-0.9	-2.4	1.8	1.8	3.7
372	Non-ferrous metals	2.7	0.7	-3.5	4.2	1.2	1.5
381	Metal products, excluding machinery	2.4	1.3	-1.0	3.2	2.1	5.7
382	Non-electrical machinery	3.5	2.0	-3.1	2.9	1.6	10.4
383	Electrical machinery	3.6	3.2	-0.3	3.9	3.2	10.4
384	Transport equipment	3.7	2.6	-0.3	4.7	1.9	10.2
385	Professional and scientific goods	4.5	3.8	0.7	7.1	4.6	2.7
390	Other manufactures	2.8	2.0	-1.1	3.1	1.3	1.4

Notes: Estimated total MVA for the world in 1994 was $5,258,158 million.
[a] Estimated.
[b] Projected.

Developing economies

36. The economic performance of developing countries raises both enthusiasm and concern, depending on the specific circumstances of the countries concerned. The gap is widening significantly between the least developed countries and those that are moving fast towards the status of NICs. In the developing countries as a whole, low-technology industries still account for about 62 per cent of total manufacturing, compared with a share of around 47 per cent in developed countries. Machinery and transport equipment account for around 15 per cent and 7 per cent, respectively. These aggregate figures, however, conceal remarkable differences at the regional level. In East and South-East Asia, the share of the machinery industry in total MVA is around 21 per cent, in Latin America it is around 10 per cent, and in tropical Africa around 3 per cent. The share of transport equipment in total MVA is around 7 per cent in almost all developing regions.

37. East and South-East Asia has not relinquished its position as the most dynamic region in the world today. The manufacturing sector continues to dominate the development and pace of economic growth in the region, and structural changes within the region are emerging. Most Asian developing countries pursued their production of labour-intensive products, especially for export. The bulk of manufacturing is still accounted for by low-technology industries. However, a shift of industrial production structures is emerging with rapidly increasing shares of intermediate and higher technology products, including telecommunications equipment, durable household products and mini- and micro-computers.

38. Although substantial improvements have taken place, countries such as Argentina, Brazil and Mexico continued to remain essentially assemblers of merchandise. Manufacturing sectors that were performing satisfactorily and possessed greater export capacity were those that made intensive use of unskilled labour. The automobile industry has been one of the fast-growing industries, one of the larger employers and exporters, as well as one of the industries that has attracted more foreign investment. Most of the largest companies in the world have established plants and production lines in the above-mentioned countries to take advantage of low-cost labour.

39. The prospects for the least developed countries are not encouraging in the short term. The manufacturing sector often contributes less than 15 per cent to the GDP of countries in that group. Their capacity utilization and labour productivity are generally very low. Moreover, although industrialization is commonly recognized as fundamental in the long-term process of sustained development, a growing realization of the problem of scarce economic resources has led African Governments to give more emphasis to macroeconomic policies and agricultural growth strategies.

40. In most African countries, privatization as a reform process is gaining in popularity. However, their industries are confronted with basic infrastructure problems, as well as with the challenge to urgently respond to the consequences of increasing liberalization of world trade and to attract foreign direct investment flows. Some region-specific industrial development issues concern the integration of South Africa with tropical Africa, the importance of the oil sector and economic development in the countries of the Gulf Cooperation Council and the promotion of small- and medium-scale enterprises in East and South-East Asia.

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INDUSTRIAL DEVELOPMENT AND COOPERATION ACTIVITIES

Industrial Development: Global Report 1995

Executive summary prepared by the Secretariat

Corrigendum

Page 5, table 1, entries for Eastern Europe and NIS

For the present entries *substitute* the entries overleaf.

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Region, country	GDP growth rates (percentage) 1993	1994	1995	MVA growth rates (percentage) 1993	1994	1995
Eastern Europe and NIS	-8.7	-9.3	-3.3	-8.7	-11.6	-8.5
Albania	-9.0	-5.0	-3.0	-12.5	-6.5	-4.2
Armenia	-14.8	1.0	7.0	..	..	..
Azerbaijan	-13.3	-22.0	..	..	..	..
Belarus	-11.6	-22.0	..	-10.9[a/]	-27.0[a/]	..
Bosnia and Herzogovina	..	..	..	-7.4	-11.2	..
Bulgaria	-4.7	-1.5	-2.0	-11.7	4.0	-6.0
Croatia	-3.7	0.8	2.0	-5.9[a/]	-2.7[a/]	..
Czech Republic	-0.9	2.1	3.0	..	..	..
Estonia	-2.1	4.7	..	-3.0[a/]	7.0[a/]	..
Georgia	-40.0	-40.0	..	..	..	..
Hungary	-3.3	3.0	1.5	3.8	8.6	3.1
Kazakhstan	..	..	..	..	..	..
Kyrgyzstan	..	..	..	..	..	..
Latvia	-11.7	2.0	..	-38.1[a/]	-2.0[a/]	..
Lithuania	-16.5	0.6	..	..	..	..
The former Yugoslav Republic of Macedonia	-14.1	-7.2	..	..	..	..
Republic of Moldova	-14.8	-31.0	..	..	..	..
Poland	4.0	5.0	5.0	8.3	6.6	6.6
Romania	1.2	-	-1.0	-0.1	-1.5	-2.9
Russian Federation	-12.0	-15.0	-4.1	-16.2[a/]	-20.9[a/]	..
Slovakia	-4.1	4.8	6.1	..	..	..
Slovenia	1.3	5.6	5.0	..	..	..
Tajikistan	..	..	..	..	..	..
Turkmenistan	..	..	..	..	..	..
Ukraine	-14.2	-23.0	-8.0	-7.3[a/]	-30.0[a/]	..
Uzbekistan	..	..	..	..	..	..
Yugoslavia[b/]	-27.7	6.2	..	..	..	..

[a/] Figures represent the annual growth rate of industrial output for the years specified.
[b/] See resolution GC/S.1.Res.1 adopted by the General Conference at its first special session.
Note: For entries represented as .., information will be provided when available.